

EUROPEAN NEWS

Another year of expansion seen for French economy

By Ian Davidson in Paris

FRANCE'S ECONOMY is expected to continue to expand strongly next year, if not as swiftly as in 1988, according to two independent forecasts.

The projections, which parallel an upward revision in the Government's own economic forecasts, came as France braced itself for a day of concerted industrial action today by public service employees, notably public transport workers and teachers.

They also coincide with publication of official figures showing that industrial production continued to expand rapidly during the summer, growing during the July-August two-month period by 0.7 per cent compared with June and by 4.9 per cent compared with June 1987.

According to the Ipecode Institute, France's gross domestic product is likely to grow by 3.5 per cent this year and 3.1 per cent next. The forecast by the Observatoire Français des Conjonctures Economiques (OFCE) expects 3.5 per cent growth this year and 2.4 per cent in 1989.

Nevertheless, the Government continues to reiterate its determination not to consider the policy of economic and budgetary rigour. Yesterday, Mr Pierre Bérégovoy, the Finance Minister, stressed the Government's sympathy for underpaid workers in the public sector, but made clear that it "could not do everything at once". Similarly, President François Mitterrand has stressed that the rectification of past injustices would take time.

The Government's firm line will be tested by the strikes and demonstrations called for today by all the main trade unions, which are likely to paralyse public transport in the capital.

On Tuesday the strike called by the CGT Communist trade union scoured only a half-hearted following, though it was enough to disturb metro and bus transport. Meanwhile, the nurses' strike appears to be losing momentum, amid hints that the nurses might be prepared to see their pay demand spread over two or three years.

The OFCE forecast stresses several encouraging factors in the evolution of the French economy, notably the sustained level of investment and the brake on the loss of international competitiveness.

Industrial investment is set to rise by 11 per cent this year, and 8 per cent next year, while the deterioration in the trade balance is expected to level off in 1989. In addition, there has been a clear, continuing improvement in the employment situation, with the creation of 88,000 jobs between June 1987 and June 1988.

Government takes steps to curb electoral fraud

By George Graham in Paris

THE FRENCH Government plans legislation to reduce electoral fraud, after the record number of complaints of ballot-rigging in this year's legislative elections.

Mr Pierre Joxe, the Interior Minister, yesterday published a bill which will scale down proxy voting and make voters themselves, rather than the ballot assessors, sign the electoral register.

The two measures are aimed principally at cleaning up the elections in Corsica and in Communist-controlled constituencies, where allegations of ballot-rigging have been widespread for years.

In Corsica, ministry studies showed that proxies accounted for more than half the votes cast in several wards in the 1985 cantonal elections. The two departments of Corsica are the only ones in France where the turnout is higher in local than in national elections.

In future, proxy voting will not be permitted for people whose principal residence is outside the constituency.

Making voters sign the register themselves is expected to help reduce "urn-stuffing" in a number of mainland constituencies. It has been a relatively widespread practice for envelopes of false ballots to be added to the count, with the assessors "ignoring" the extra names on the register in order to make this coincide with the number of votes cast.

The practice is viewed as especially common in Marseille and in the Communist-held suburbs of Paris.

A total of 96 complaints covering 78 constituencies was lodged with the Constitutional Council after the June legislative election. Of these, 46 have already been rejected, but 50 of the most delicate cases, relating to 45 constituencies, remain to be judged.

ANNUAL ECONOMIC REPORT SHOWS COMPANIES GEARING UP FOR ADVENT OF SINGLE MARKET

EC boom paving way for 1992, says Commission

By David Suchan in Brussels

THE CURRENT economic boom in the European Community, with average growth estimated at 3.5 per cent this year and 2.75 per cent next, is providing the best possible run-up to the goal of a single EC market by 1992, according to the European Commission's annual economic report.

Published yesterday, the report suggests that the investment-driven boom stems in part from the conscious decision of European companies to gear up for the larger market of the early 1990s.

But it also warns that the 1992 programme requires an increase in economic activity, coupled with new EC social measures, in order to cushion the blow of restructuring and expected job losses, occurring at a time when the Commission predicts unemployment will stay stubbornly high, at 11 per cent into 1989.

Presenting the report, Mr Peter Schmidhuber, the West German commissioner responsible for Brussels' macro-economic projections, said yesterday: "You have to go back a long way to find figures as good as in our forecasts for 1988-89."

Growth this year and next looked like being the strongest since the late 1970s, he said. The expected 7 per cent increase in investment this year would be the highest for two decades, while the average EC inflation rate of 3.5 per cent predicted for this year was also at the level of the 1980s.

The Commission report is markedly more optimistic than last June's forecast of EC growth produced by the Organisation for Economic Co-operation and Development. That said the EC would grow by only 2.5 per cent this year and 2 per cent in 1989. But inflation, as measured by the gross national product deflator, would fall to 3.25 per cent next year from 3.5 per cent in 1988, the OECD said.

Mr Schmidhuber said he saw no reason for disillusionment over the exchange rate parities in the

European Monetary System "in the foreseeable future". Despite the fact that the gap in the current external balances between surplus and deficit countries in the EC had increased, he argued that "in West Germany's major EC trading partners, there are cost developments very similar to West Germany's".

Though West Germany continued to run a strong current account surplus amounting to 4 per cent of its gross domestic product, this was partially offset by a capital outflow.

He rejected the idea that the Commission was now erring on the side of optimism as much as it, and other international forecasters, erred on the side of pessimism in the wake of the stock market collapse.

Among uncertainties in the international economy were high debt levels and the US budget and trade deficits, he said, though he saw no reason why, even with a change of administration in Washington, the US should not continue in

1989 the progress it had made this year in reducing its trade deficit.

The Commission report singles out four areas of concern for the EC itself. Despite an increase in jobs, the rise in numbers of people coming on

GROSS DOMESTIC PRODUCT* (at constant prices)			
	1987	1988**	1989**
Belgium	1.8	3.0	2.25
Denmark	-1.0	0	1.75
W Germany	1.9	3.25	2.5
Greece	-0.4	2.75	2.0
Spain	5.2	4.75	4.0
France	2.3	3.0	2.75
Ireland	4.1	3.0	3.25
Italy	3.1	4.0	3.25
Lux'g	2.4	3.0	2.5
N'lands	1.5	2.25	2.25
Portugal	4.6	4.0	3.5
UK	4.3	3.75	2.5
EC	2.9	3.5	2.75
US	3.4	4.0	2.25
Japan	4.2	5.5	3.75

*GDP for US and Japan
**Forecast

to the European labour market meant that the unemployment would not fall below 11 per cent next year, though it would be marginally down from 11.25 per cent this year and an average 11.6 per cent last year. So policies for labour flexibility and mobility had to be further promoted, Mr Schmidhuber said.

Second, there was a risk of renewed inflation, reflected in the Commission prediction that the Community average rate of price rises would edge up to 3.75 per cent next year.

Third, 1988-89 was unlikely to see any convergence in budget balances between the 12 EC states, with excessive deficits persisting in Belgium, Ireland, Greece and Portugal.

Lastly, there was the growing disparity in the external payments positions of EC countries. This had occurred despite the fact that overall economic growth was now more evenly spread. The recent dynamism of the UK, Spanish, Italian and Portuguese economies had

extended to EC partners such as West Germany and France, which are major suppliers of investment goods. But the payments disparities were not such as to rock present EMS exchange rate parities.

Mr Schmidhuber stressed that, taking capital outflows from West Germany into account, "the tension within the EMS is not as great as one would believe from straightforward examination of the current account imbalances".

Mr Antonio Costa, director general of the Commission's financial and economic affairs division, also commented that EMS realignments needed to be "driven by deficit, not surplus, countries." He noted that the French and Italian trade deficits were only likely to amount to 0.4 and 0.3 per cent of GDP, respectively, for 1988.

However, the Commission report notes that instability of the dollar - the origin of some recent rumours of possible EMS realignments - remains a potent influence on the EMS.

EC-wide air traffic system call

By David Suchan in Brussels

THE EUROPEAN Commission yesterday proposed to the 12 Community states that they create a single air-traffic management system to alleviate the congestion which plagued many travellers last summer and which otherwise seemed certain to increase in the future.

The Commission initiative was tabled the day before Transport Ministers from the 22 countries which participate in the European Conference on Civil Aviation (ECAC) are due to meet in Frankfurt to discuss more co-ordination in traffic handling.

It reflects, in part, growing pressure from the European Parliament for the EC states to create a more integrated system than might be achieved on a wider geographic basis.

In place of the eight air traffic management systems now operating in the EC, the Commission proposes a single system, based on the existing Eurocontrol organisation based at Maastricht, in the Netherlands.

The Brussels' executive is also asking EC member states to co-ordinate the way they plan and buy navigation equipment, set out control procedures, and train controllers. It is in addition asking member states to cede more military air space for civil use.

Mr George Anastasiou, chairman of the Transport Committee of the European Parliament (whose 520 members are great users of Europe's crowded airways), yesterday welcomed the thrust of the Commission plan.

Italy balks at Brussels deadline for steel closures

By William Dawkins in Brussels

THE EUROPEAN Commission yesterday called for strict conditions on the Italian Government's request for EC clearance to pay up to L7,500m (\$3,240m) state aid for Italy's loss-making state-owned steel industry.

Italian officials rejected a Commission deadline for closures next March as too tough. But are understood to accept other conditions suggested by Brussels for limiting the maximum amount of aid and monitoring the enforcement of the rescue package.

A majority of EC member states led by West Germany

have signalled in meetings with Commission competition experts that they think Brussels' conditions are too weak.

This division is a serious, though predictable, blockage for the Italian government rescue plan for the reorganised state steel company Finisider, renamed Iva after its voluntary liquidation last June. Rome cannot legally pay Iva anything until the package has the unanimous support of all 12 EC governments.

In return for the aid, Rome is offering to close five mills with 1.2m tonnes of hot rolled capacity, a 3.4m tonne smelter at

Bagnoli near Naples, and to sell five more plants to the private sector.

It cannot accept Brussels' proposal that the closures and disposals must be completed by the end of March, with a reprieve for the Bagnoli smelter until June, said officials. The original Italian plan set a vague deadline for up to and beyond 1990.

Rome is understood to accept the Commission's condition that the aid should be automatically scaled back if the cost of servicing Iva debts inherited from the old Finisider ever falls below 4.5 per cent of

turnover. This is a rule of thumb which the Commission applies to all decisions on steel company aid. Italy is also believed to accept Brussels' request for on-the-spot monitoring to ensure the conditions are honoured.

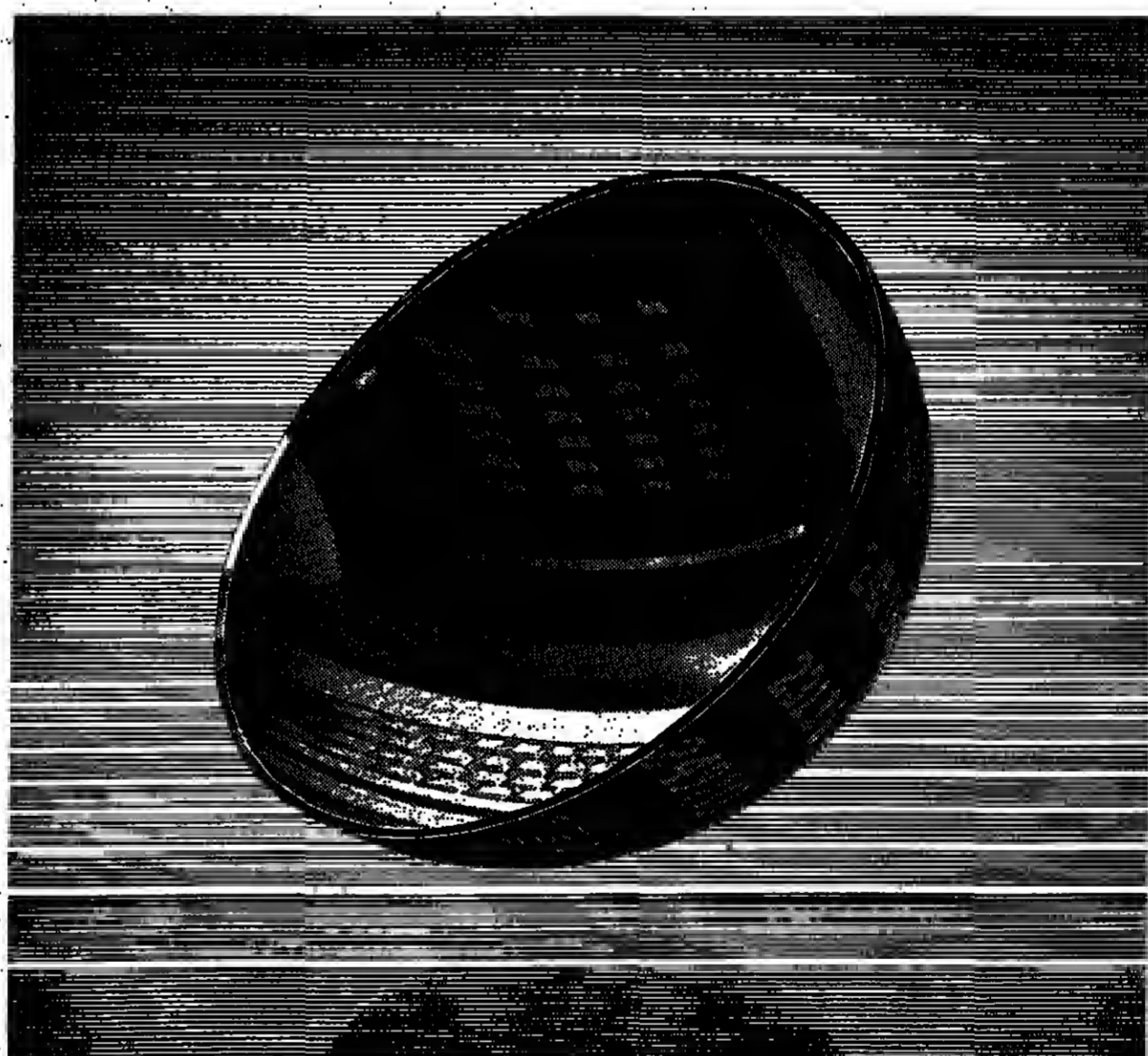
The Commission's proposal deliberately aims to steer a middle way between Rome and the member states that want tougher cuts in Italy's steel capacity, so as to provide a starting point for EC industry ministers to debate Iva's future at a meeting in Athens tomorrow. It avoids mentioning the highly sensitive subject

of Bagnoli's 2m tonne hot rolling mill, which several member states want to see closed.

West Germany, the EC country which has closed the most steel capacity, has long complained that it is unfair for its steelmakers to have to compete against subsidised Italian plants. Bonn's strongest supporters are the UK, France and the Netherlands.

Rome is very unwilling to add to the high unemployment in that region, but is under severe pressure to agree if the entire plan is not to be blocked.

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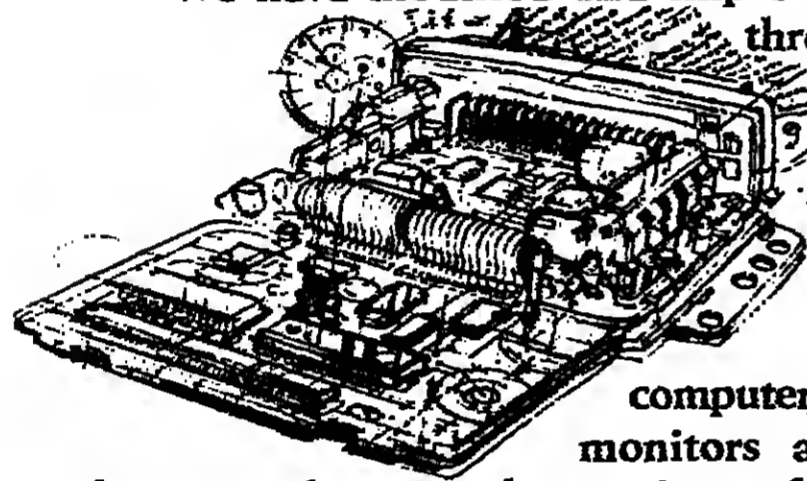
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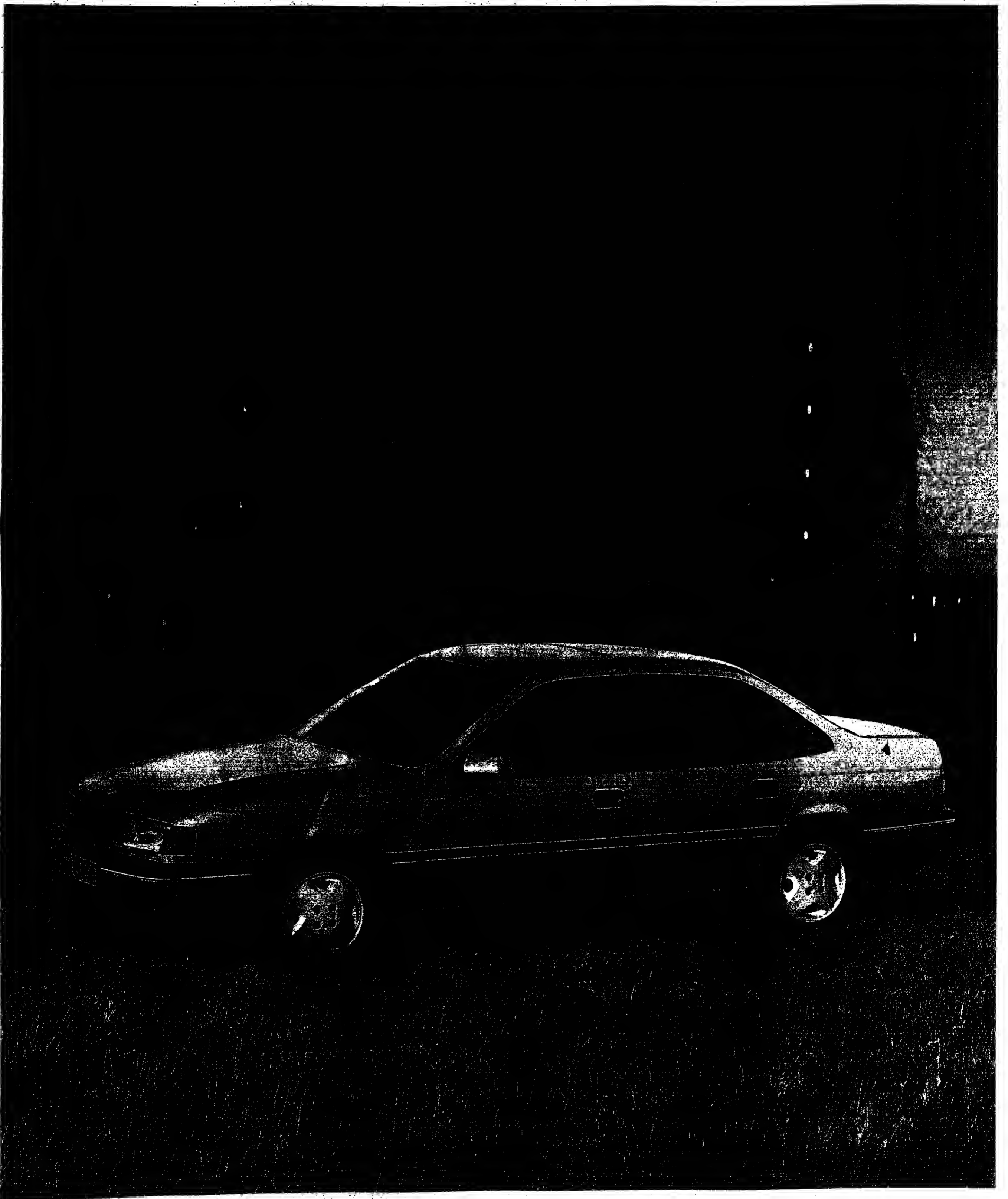
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AMERICAN NEWS

Britain cool on Argentine offer of Falkland talks

By Robert Graham, Latin America Editor
BRITISH officials yesterday reacted warily to suggestions from Argentina that the time was ripe to establish a proper dialogue between the two countries.

Mexico faces \$6bn loan repayments next year

By Richard Johns in Mexico City
MEXICO faces the prospect of having to repay loans worth about \$6bn next year but of the total \$4.5bn are due to multilateral agencies and could be quickly replaced by fresh credit, according to senior officials here.

A deficit in serious analysis

Nancy Dunne finds the candidates vague on trade matters

ALTHOUGH the dollar devaluation has reversed the menacing free fall in the US trade position, the merchandise trade deficit is now running at almost \$140bn a year. If, as seems likely, there is no improvement in the budget deficit, projections show a sharply rising current accounts deficit after next year, higher interest rates and inflation.

Table with 3 columns: Year, Merchandise Trade, Current Account. Rows for 1988, 1989, 1990, 1991, 1992.

Source: Institute of International Economics

Through business-labour-government co-operation in rebuilding the US industrial base, he promises to "make America number one again." He attacks the Reagan Administration for ignoring "the unfair practices of our trade rivals", and says "reckless fiscal policies drove up the value of the dollar, pricing our exports out of foreign markets and flooding America with cheap imports."

Both men say they are not protectionists, but Mr Dukakis talks of giving short-term (five-year) relief while US industries retool. Both promise an increased emphasis on research and development, which Mr Bush would fund through a resurrected tax credit and a cut in capital gains taxes - a pledge which strains credibility considering his other promises to cut the deficit, maintain defence spending, and spend more money on environment.



US CAMPAIGN '88 THE ISSUES: TRADE

He says "you really can't tell what these people are going to do" because ultimately it will come to "the pushing and shoving" of opposing US interests in each case for protection. He points out that President Reagan adopted the rhetoric of a free trade, while granting more protection than any previous Administration. Trade disputes are most likely in the areas of services, intellectual property rights and investment. These will be even more intractable because there are no international rules and to retaliate, the US would be violating GATT.

Alfonsín confirms May date for presidential poll

By Gary Mead in Buenos Aires
PRESIDENT Raúl Alfonsín has confirmed that Argentina will go to the polls on May 14 1989 to elect a new president. The newly-elected head of government will take office on December 10 the same year.

Pentagon seeks closer links with industry

The Defence Science Board, a Pentagon advisory group, has recommended the formation of an "industrial policy council" promoting closer ties between the Defence Department and industry to help stem the "apparent loss of leadership" in key US defence industries.

Dukakis launches fight to get back into the race

By Stewart Fleming, US Editor, in Washington
GOVERNOR Michael Dukakis, facing humiliation next month unless he can turn the tide, has begun to fight back. He has announced that he will run for the White House in 1992.

US Campaign '88: The Issues: Trade

Mr Stephen Cohen, professor of international relations at American University, sees an expansion of government-industry efforts along the line of Sematech, the semiconductor consortium supported by Pentagon funds. Such programmes could operate in the areas of machine tools, advanced super computers, telecommunications and advanced high technology.

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WORLD TRADE NEWS

Moscow plans review of joint venture rules

By Quentin Peel in Helsinki

THE SOVIET UNION is undertaking a wide review of its regulations affecting foreign investments in joint ventures, including guaranteed profit remittance and management control, a top Soviet trade official said yesterday.

Complaints from potential and existing foreign partners about the operating conditions for joint ventures, has prompted the rethink. So far, 110 such joint ventures have been agreed with foreign partners since January, 1987, but only a few are in operation.

"We are in the process of considering all the suggestions we have been given by different companies and different countries," Mr Yuri Znamenski, first deputy chairman of the State Foreign Economic Commission, said after a seminar in Helsinki.

He promised a decision by early next year on proposed special economic zones to attract foreign investors to the Soviet Union.

Mr Znamenski said the zones would be divided into four categories: industrial, commercial, trade and economic, depending on whether they were aimed at manufacturing industry, trading ventures, or financial operations.

Mr Znamenski refused to

confirm reports in Moscow that the Soviet authorities would allow foreign partners to own 80 per cent of joint ventures in future, instead of the current 49 per cent, and that they would be able to appoint a foreign chief executive or general manager.

Other Soviet officials said that several drafts of the proposed new foreign investment regulations were circulating and that it would be "months rather than weeks" before a final decision was taken.

However, they insisted that existing joint ventures would be allowed to incorporate any changes in their own agreements by mutual consent.

Mr Znamenski, who is responsible for joint ventures, said the main focus of Soviet attempts to reduce the country's import dependence and raise the level of technology in the Soviet economy, affected key areas:

- the proportion of capital provided by each partner;
- management control (with the two top jobs currently reserved for Soviet officials);
- ensuring the security of raw material and equipment supplies from other Soviet sources;
- guarantees of the transfer of profits.

End to EC steel import curbs urged

By Nick Garnett

THE phasing out of restrictions on steel imports into the European Community and a relaxation of price controls on some imported steel is being sought by the British Iron and Steel Consumers' Council.

The council has written to the European Commission and the British Trade and Industry Department calling for their progressive relaxation or abolition while accepting that controls on dumped or subsidised imports should remain.

Steel imports into the EC accounted for 13.2 per cent of the 106m tonnes of steel used in the Community last year, a fall in import penetration from the 13.9 per cent recorded 19 years earlier.

The document from the council, which represents many of the big steel users in the UK, says the restrictions harm European manufacturing industry in general and the long-term health of the EC steel industry itself.

It says import controls restrict access to Community steel users of potentially low-cost steel sources, raise users' and consumers' production costs, which harms potential economic growth, and reduce pressure on European steelmakers to restructure.

Oiling the wheels of business with Iran

Scheherazade Daneshku looks at postwar Tehran's growing use of countertrade

THE message from Tehran to companies keen to do business during the reconstruction period is clear: "You buy from us and we'll buy from you".

Countertrade has long been an important factor in dealing with Iran, but analysts have reported increased activity in the past few months. The countertrade manager of a leading London clearing bank, for example, confirmed that Iran is particularly receptive to those suppliers proposing countertrade packages.

Such trade has drawbacks for Iran's business partners. It can be a lengthy, cumbersome, and uncertain process, and many businessmen balk at the idea of payment in the goods offered by Iran. This explains why, as Dr Paul McDonald, a London-based oil analyst points out, concluded deals form only a fraction of those discussed.

Nevertheless, countertrade does hold its attractions. According to Mr Matthias Rapp of Straits Petroleum, many suppliers regard countertrade as providing the best security on offer, and preferable to Iran's 90-day usance letters of credit. The risk here would appear to be more political than financial, since Iran has a good record in honouring its payments. And for many companies countertrade is the only

way of capturing a share of the Iranian market.

For Iran, countertrade is an important means of diversifying its trade partners and boosting non-oil exports. In all, Iran has about 20 bilateral trade pacts with a range of countries, including large countertrade deals with Turkey, Pakistan and Brazil.

At the moment, the low price of oil is playing its part by pushing Iran to look for long-term advantages. A countertrade deal is attractive because it locks countries into accepting Iranian oil for a period.

Needless to say, low oil prices mean that Iran will be strapped for cash this year. Iran is 90 per cent reliant on oil exports for foreign exchange but according to Mr Mehdi Varzi of Kleinwort Greaveson, it will be lucky to receive \$6bn this year - a drop of \$1bn from last year. So until Iran can sell its oil easily and at high prices, the pressure will be on to get rid of crude whatever the cost.

Estimates of the percentage of oil exports tied up in countertrade deals vary greatly. According to Mr Rapp, it accounts for roughly 50 per cent if Iran's re-import of refined products for crude exports are included. Other estimates are in the region of 10 per cent, though this figure

Tricot fabric and clothing	11.40
Sulphur	15.44
Total manufactured goods	83.99
Plastic nuts and kernels	195.00
Fresh and dried fruit	29.00
Caviar, fish and shrimp	38.25
Hides	97.78
Dried and fresh dates	57.24
Furskins	25.75
Total agricultural	477.90
Mineral and metallic ores	26.97
Total minerals, construction materials	34.00
Carpets and handicrafts	489.00
Other	77.00
Total non-oil	1,770.00
Oil (estimate)	6,700.00

is probably too low.

Unsurprisingly, the National Iranian Oil Ministry continues to oppose the inefficient business of oil barter deals, preferring to be in charge of a crude-for-cash transaction. However, since Iran needs to buy on credit, oil provides the only form of collateral available. As such, countertrade provides a means of financing large projects.

The best known example of this is the deal with Japan for the \$770m Mobarakeh steel complex near Isfahan. Japan's Kobe Steel is accepting 50 per cent compensation with crude oil in return for the construction materials.

Similar countertrade deals are being considered for Iran for a number of oil refinery projects.

Iran is also showing keen interest in buyback agreements, whereby suppliers of capital plant or equipment agree to be paid in the products manufactured. Mr Behzad Nabavi, Iran's Heavy Industries Minister, has even invited Western companies to use Iranian factories and labour and export the output to third countries.

Sweden's Volvo is manufacturing trucks in Iran for export, but most buyback deals at present are with East European countries.

The Eastern Bloc now accounts for as much as one-third of Iran's trade and has the added attraction as a trade partner of agreeing to Iranian pressure to take back 20-30 per cent in non-oil products.

Iranian non-oil exports are

not, however, solely consigned to the East European market. Last year West Germany accounted for 35 per cent of Iran's total non-oil exports, a sizeable portion being in the form of Persian carpets.

Though most businessmen may hesitate at the idea of receiving Iranian melons or four-wheel-drive vehicles as payment, there is great potential in the non-oil market. The foreign exchange allocation for industry is far below the amount needed, with the result that priority is being given to boosting industrial exports.

Despite the ceasefire in the Gulf war, another important market for suppliers remains in the military-related field. Iran's spiritual leader, Ayatollah Khomeini, has called defence-related expansion one of the "primary objectives of reconstruction."

This comes as no surprise to Western analysts. According to Mr Francis Tusa of the Royal United Services Institute, Iran's annual defence imports of up to \$2bn can be expected to increase in the future, though big weapons purchases are unlikely for the time being. But with the pressure of war off, Iran is enjoying greater bargaining power. It is negotiating a countertrade deal for weapons with China. In the past, China would accept only hard cash.

Royal Ordnance in Brazilian agreement

By Lynton McLain

ROYAL ORDNANCE, owned by British Aerospace, the UK's largest manufacturing company, has signed a joint venture agreement with Britanite of Brazil, the biggest maker of civilian explosives in Latin America.

The aim is to establish an indigenous Brazilian guided missile industry using UK rocket motor technology.

The announcement yesterday of the Brazilian joint venture comes just days after Royal Ordnance announced the end of production at the UK's only gun and rocket propellant plant, at Bishopston, Scotland.

Royal Ordnance already has a joint venture manufacturing agreement for explosives with a US company and is consider-

ing joint ventures and possible production of rocket motors with companies in Chile, as a way of developing its business in overseas markets.

Royal Ordnance and Britanite formed the Britanite-Ordnance company last month to "take full advantage of Brazil's growing guided weapon and space programme", said Royal Ordnance, which hopes to sell rocket motor technology and explosives for warheads to Brazil through the joint company.

Royal Ordnance signed its first overseas manufacturing agreement four months ago - the formation of North American Explosives, a joint manufacturing venture with the Ensign-Bickford explosives company of Connecticut.

Renault in talks with S Korean motor group

RENAULT, the French state-owned car group, is holding preliminary talks with Dong-A Motor, a subsidiary of the South Korean Sangyong industrial conglomerate, over a big joint car assembly project in South Korea involving the production of 300,000 cars a year and total investments of about FF20bn (\$1.9bn), writes Paul Betts in Paris.

The French car group would not comment yesterday.

Although the contacts between Renault and Dong-A Motor are understood to be only at an initial stage, the project if it goes ahead is likely to be a significant development for the car industry as a whole.

It would mark the first big link between a South Korean motor group and a large European car maker and would make Dong-A Motor the country's fourth largest car producer.

World trade up 5% this year, Gatt reports

THE growth of world trade has accelerated to a new annual average of 5 per cent this year, according to a new Gatt report. Last year's growth was about 4 per cent, AP reports from Geneva.

The report, compiled by the Secretariat of the General Agreement on Tariffs and Trade, also forecast global economic growth at 3.5 per cent for 1983.

It noted that the improvement was marked, although many developing countries continued to have balance of payments problems and difficulties in servicing their foreign debts and although uncertainties about interest rate trends and commodity prices remained.

The report said exports were picking up again in a number of heavily indebted countries and there was generally greater exchange stability.

EC tries to allay Gatt fears over single market

By William Duffice in Geneva

THE European Community yesterday sought to allay fears that it would adopt protectionist attitudes towards the rest of the world in its move towards a single internal market after 1992.

But, Mr Tran Van Thinh, head of the EC mission to the General Agreement on Tariffs and Trade (Gatt), pointed out the Community would go its own way in sectors where Gatt's current Uruguay Round did not result in multilateral trading rules.

Trade in services, including banking and insurance, is one area in which the introduction

of Gatt rules is still being resisted by some countries in the Uruguay Round talks.

Several countries, including the US, Japan and Australia, voiced doubts about the consequences for trade of the EC's move towards a single market.

Gatt's council yesterday debated its latest secretariat report on trading system developments. It listed over 200 export restraint arrangements currently in force, in contradiction of Gatt.

Most protect the EC market or a member state. The EC and US account for just over three quarters of the measures listed.



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UK NEWS

Future of Belfast shipyard in doubt as bid talks fail

By Kevin Brown, Kieran Cooke and our Belfast Correspondent

THE FUTURE of the state-owned Harland and Wolff shipyard in Belfast was in doubt last night after the collapse of privatisation talks between the Government and Mr Ravi Tikko, the Indian-born entrepreneur.

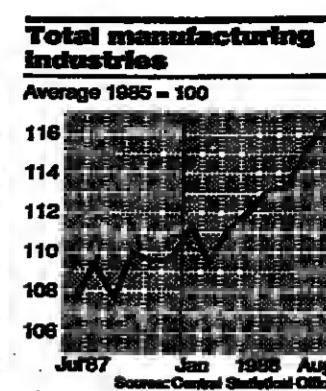
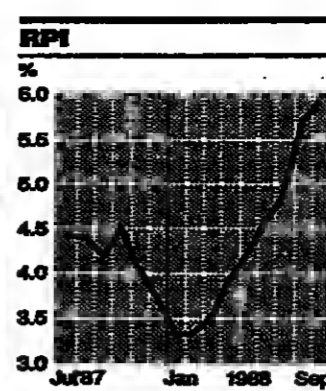
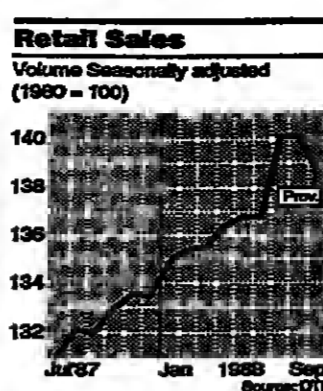
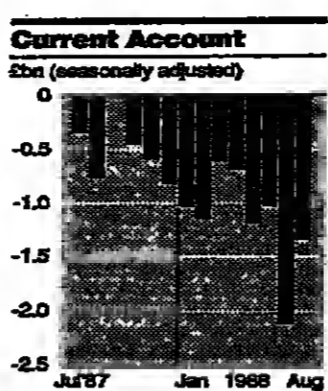
established on a sound basis. The Government said it was engaged in "active discussions" with two potential purchasers, and there had been two further expressions of interest.

Lawson emerges from his dark summer

Simon Holberton anticipates an upbeat assessment of the economy

The dark days of summer, which seemed to bring an endless series of interest rate rises, have given over to a seemingly benign autumn.

Mr Nigel Lawson, Chancellor of the Exchequer, is expected to deliver an upbeat assessment of the economy tonight when he goes to the City of London to give his annual address on economic policy at the Mansion House.

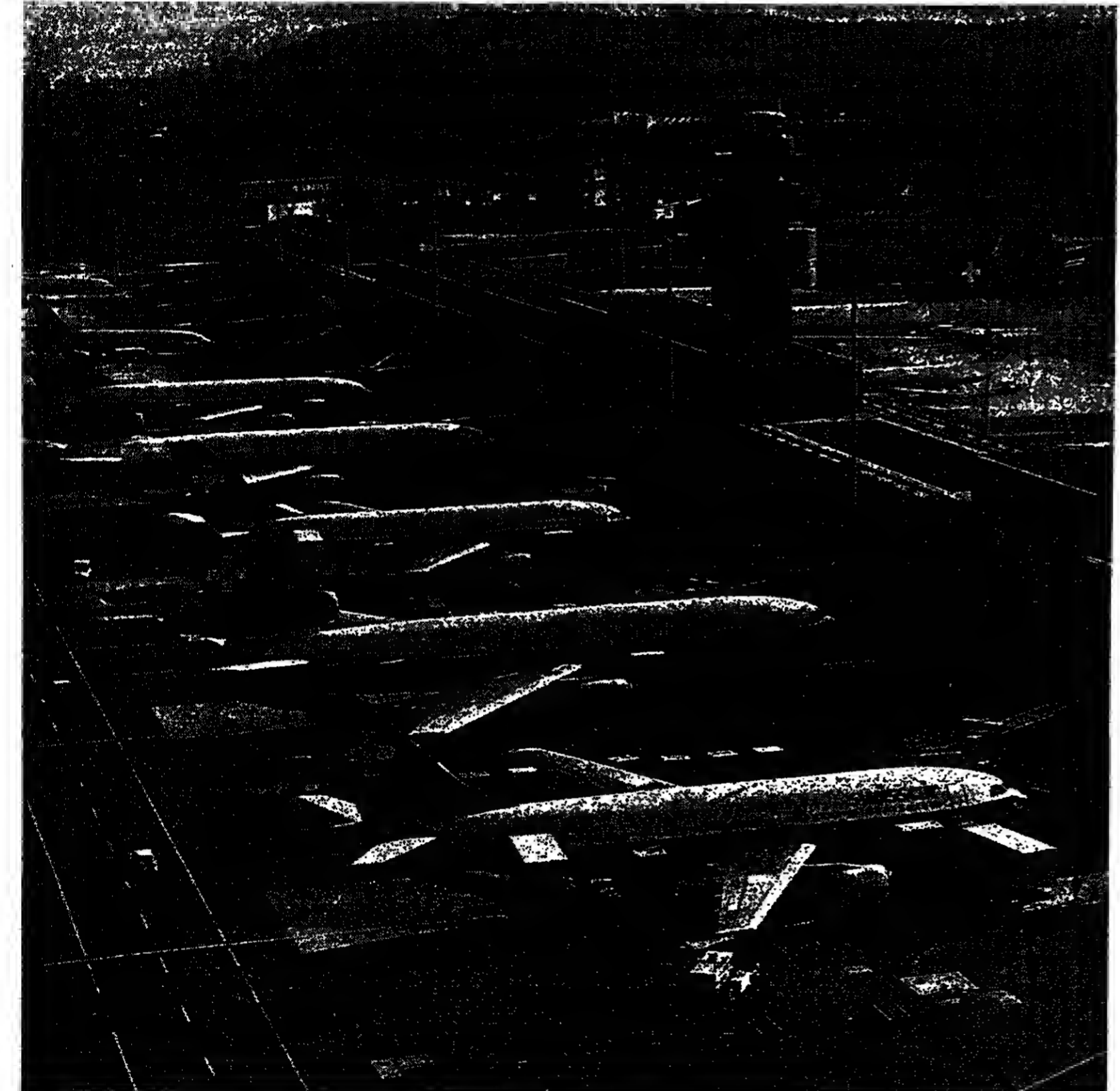


year-on-year basis sales are 6 per cent higher than a year ago - although recent figures may indicate the glimmerings of a slowdown.

has cramed two normal years of growth in one. It is a much slower growth in domestic demand - the sum of what consumers, companies and the government demands from the economy - will be needed to reverse the decline in Britain's trade and to withdraw the threat of rising inflation.

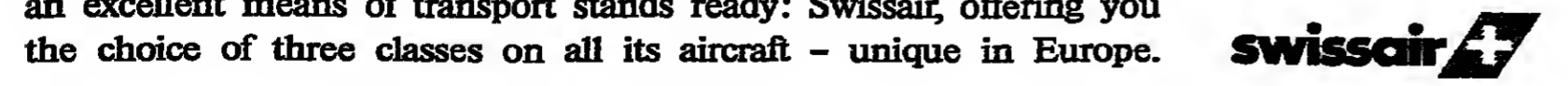
It assumes that the UK economy can expand by around 3 per cent a year without either of these happening once the trade position is closer to balance.

that Britain was capable of long-term non-inflationary growth of 3 1/2 to 4 per cent, in the non-oil economy.



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London and Moscow in joint van venture

By Kevin Done

THE SOVIET Union and the UK have reached agreement on a joint venture in which the UK will design and develop a light commercial vehicle for manufacture in the Soviet Union.

Agreement near in talks on public spending

By Peter Riddell, Political Editor

ONLY a couple of public expenditure programmes remain to be agreed following considerable progress during the past week in talks between the Treasury and other Whitehall departments about next year's plans.

BUDGET BEATER - A CAR CONTRACT HIRE SCHEME THAT DOESN'T GIVE THE CHANCELLOR THE LAST WORD

Advertisement for Venture Contract Car Contract Hire. It features a cartoon character holding a sign and text describing a car hire scheme that allows users to avoid the Chancellor's influence. The text includes: 'Because no one can predict exactly what the Chancellor's going to say next budget they've devised Budget Beater - a low cost car contract hire scheme so you can keep your options open. You choose whether you continue or opt out of the contract - without penalty! Call Andrew Thom for the bonus list and our new information pack on 01-933 7611.'

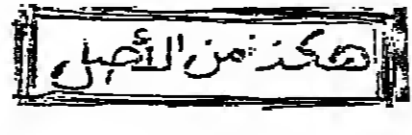
London life merger plan is approved

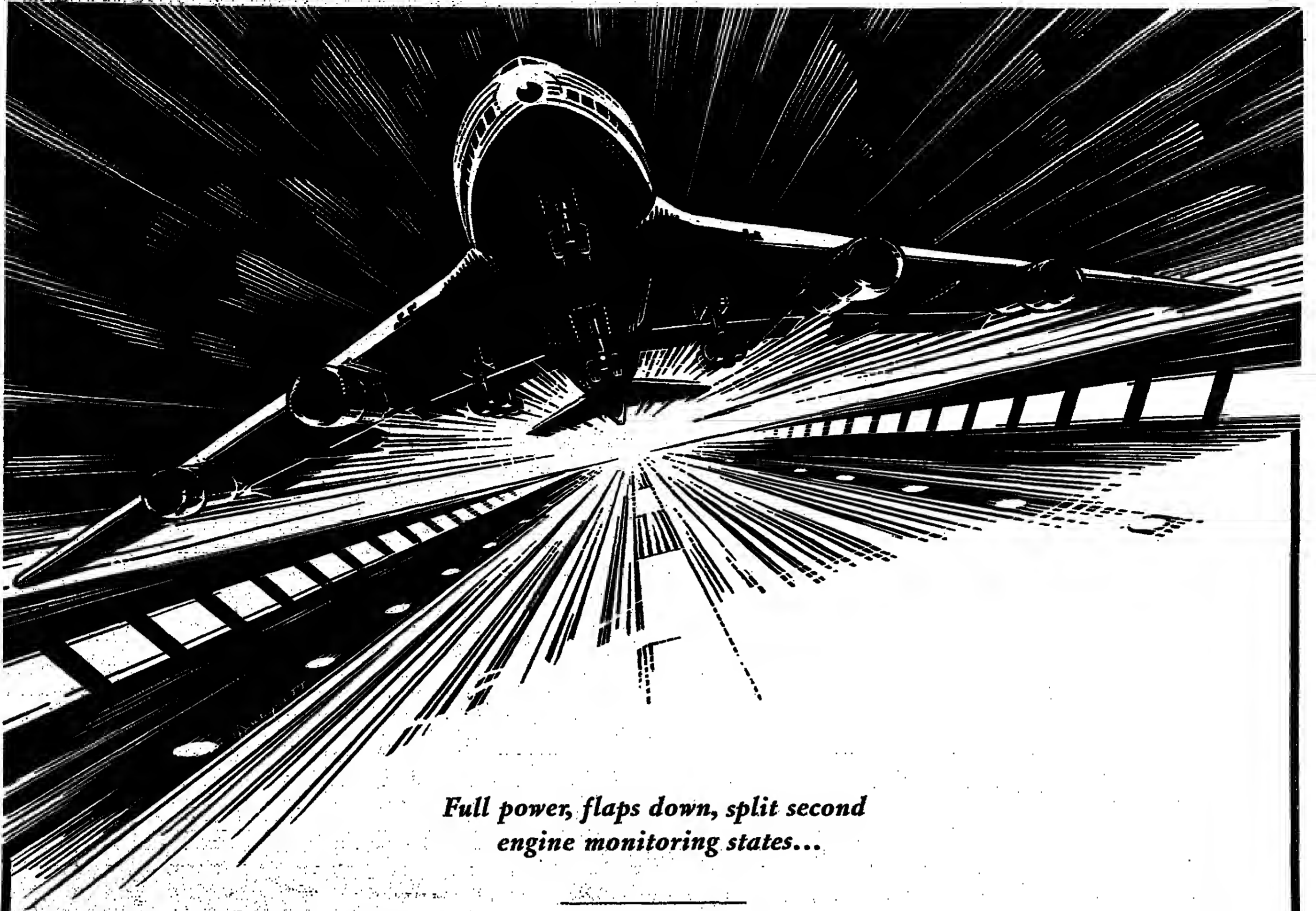
By Nick Bunker

THE meeting to decide the future of London Life, one of the UK's oldest mutual insurers, came close to collapsing in turmoil yesterday after scores of angry policyholders were unable to gain admission to its initial venue, a cinema in London's Barbican Centre.

It wasn't simply a matter of life or death. It was more important than that.

Advertisement for The Glenlivet 12 years old single malt whisky. It features a quote: 'The first highland malt whisky in Scotland to be given a producers licence under the 1823 Act was The Glenlivet. Rival whisky makers were so jealous that they threatened to burn The Glenlivet Distillery to the ground. So it was guarded night and day by George Smith, The Glenlivet's founder, with a brace of pistols. To protect his precious whisky he was prepared to lay down his life. Of course, no whisky on earth is worth such a sacrifice. But perhaps in the case of The Glenlivet?' Below the quote is an image of a whisky bottle and glass.





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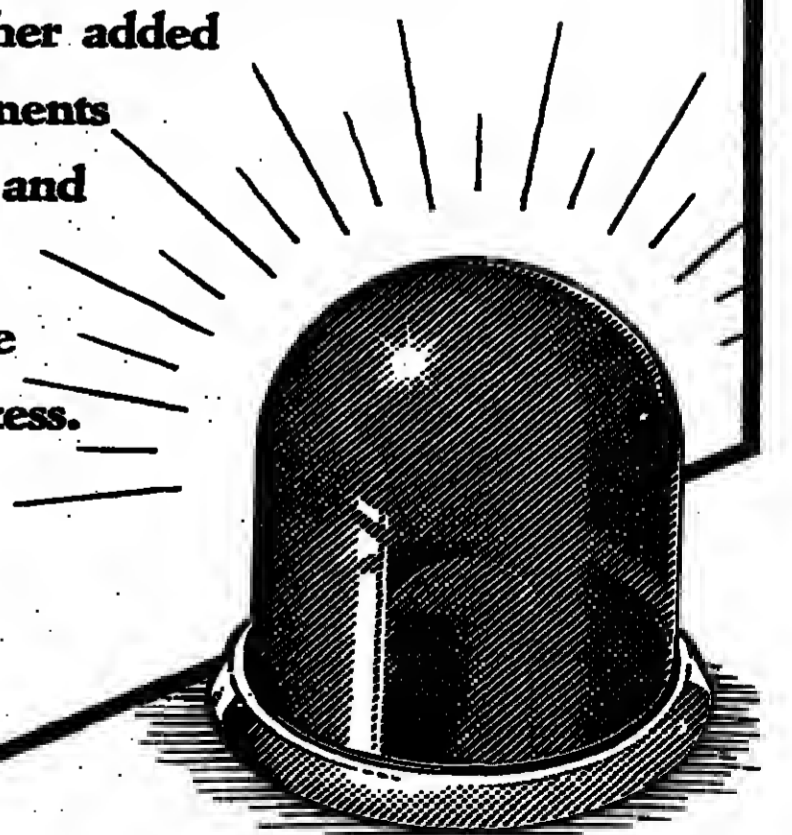
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UK NEWS

Development schemes agreed for urban areas

By Hazel Duffy
PRIVATE-SECTOR enterprise zones were announced yesterday by British Urban Development as the latest idea for improving Britain's urban areas.
BUD, owned by 11 large construction, civil engineering and property development companies, was launched last spring by Mrs Margaret Thatcher.
Mr Bartley Booth, chief executive of BUD, said that he was close to agreeing the first zone with Swansea city council.
It would be a 170-acre site on which the plan will be to provide a mix of housing and business accommodation.
The Halifax and Nationwide Anglia building societies have agreed to back the housing element by providing a £100m development fund over the next three years.
The fund is expected to inject confidence into the plan, making it more likely that the projected large-scale development in the new enterprise zones will attract the required institutional funding.
Mr Booth, former adviser to the Prime Minister on the environment, described the plan as "a new concept in redevelopment which will bring together public and private funding and other resources.
Enterprise zones have always been thought of as public-sector ideas. We will be offering private enterprise zones."
BUD will offer a package of incentives to encourage start-up businesses to locate in the areas. They will include low-priced housing, discounted prices on materials to be offered to the business owners, reduced interest rates and longer-term finance to help the company get through the critical development period.
These incentives are unlikely to compare with the substantial tax advantages and rates holidays available in the Government's enterprise zones. However, these zones - part of the Swansea zone will be within the proposed BUD zone - have only between three and five years to run.
The BUD zones will also differ in that they will include housing. This is likely to be a mix, including management-style and "social" housing, and some low-cost rented accommodation which will be financed partly with Urban Programme money.

Nabisco to sell UK breakfast cereal business

By Maggie Urry
NABISCO GROUP, the UK subsidiary of RJB Nabisco, the US food and tobacco company, is selling its breakfast cereal business - best known for the Shredded Wheat brand.
The UK company has decided to concentrate its resources on its biscuit, snacks and crisps business. It recently sold Benetton, which made luxury chocolates. In September its chief executive, Mr Alistair Mitchell-Innes, left and was succeeded by Mr Alan Beeva.
Nabisco Brands has been tidying up its operations around the world, having sold Heublein, its drinks business, to Grand Metropolitan; its Canadian confectionery, margarine and desserts activities; and its Australian breakfast cereals company.
Nabisco said that after "a thorough study of its cereal business," it concluded that the longer-term growth of the business could "best be assured by having it become part of an organisation with a strong commitment to the cereal business."
The UK breakfast cereal

Appeal court rejects plea over opera house plans

By Richard Evans
THE CONTROVERSIAL £100m redevelopment scheme planned by the Royal Opera House in London's Covent Garden came a stage nearer yesterday after a ruling by the Court of Appeal.
The court rejected claims by the Covent Garden Community Association that Westminster City Council had abused its powers when it granted a planning permission in principle for a scheme which the objectors claim would "devastate" one of the capital's most popular areas.
The ruling has been keenly awaited by developers and conservationists who regard the case as a test that could affect future planning law.
The three appeal judges, Lord Justice Kerr, Lord Justice Nicholls and Lord Justice Stoughton, unanimously refused to overturn a High Court ruling that the council had not misused its development control powers when it gave the scheme the go-ahead in June last year.
The community association was ordered to pay the costs of the appeal, unofficially estimated at £40,000. Leave to appeal to the House of Lords was refused, but the association said it intended to petition the law lords for leave.
Mr Robert Carnwath, QC, for the association, had argued that the council's planning committee wrongly decided to approve the scheme because the commercial development would pay for improvements needed to reflect the international standing of the 190-year old opera house. He contended that amounted to an "immateral" planning consideration and the permission was therefore legally invalid.
The opera house proposed its modernisation scheme, in which 13 historic buildings and all but one facade of the listed Floral Hall make way for 225,000 square feet of offices, shops and a car park, because no Government aid or other public money was forthcoming.
Both men have been sued by Guinness for the money. The High Court has directed that the action should not come on for trial until after the criminal prosecution in which Mr Saunders and six other men face charges arising out of the Distillers takeover.
A warrant has been issued for Mr Ward's arrest in connection with that matter but the Serious Fraud Office has not yet started proceedings for his extradition from the US.

Ward given final appeal over £5.2m repayment

By Raymond Hughes, Law Courts Correspondent
MR TOM WARD, a US lawyer and former director of Guinness, has been given the chance to make a last challenge to a court ruling that he must repay £5.2m to the company.
The Law Lords appeals committee yesterday gave Mr Ward leave to appeal to the House of Lords against the unanimous decision of three Court of Appeal judges that Guinness was entitled to immediate repayment without the case going to a full trial.
Upholding a High Court ruling in Guinness's favour, the appeal judges said in May that Mr Ward had improperly received the £5.2m "in plain disregard of his duty to the company".
The payment, alleged by Mr Ward to have been for his services to Guinness during its takeover bid for Distillers, was not disclosed to a meeting of the full Guinness board, it had

therefore, breached both the company's articles of association and the Companies Act, the appeal court said.
The money was paid to Mr Ward via a Jersey company, Marketing and Acquisition Consultants.
Mr Ward contends that the payment was properly made to him, under a contract between him and Mr Ernest Saunders, then Guinness's chairman and chief executive.
Both men have been sued by Guinness for the money. The High Court has directed that the action should not come on for trial until after the criminal prosecution in which Mr Saunders and six other men face charges arising out of the Distillers takeover.
A warrant has been issued for Mr Ward's arrest in connection with that matter but the Serious Fraud Office has not yet started proceedings for his extradition from the US.

Wind and wave power unable to compete, says CEGB

Financial Times Reporter
THE CENTRAL Electricity Generating Board yesterday defended its plans to build further nuclear power stations, rather than investing equivalent sums of money in wind and wave power.
Mr Sam Goddard, corporate director of the CEGB's system planning department, said neither technology was well enough advanced to enable it to compete with the proposed 1,200MW pressurised water reactor (PWR) nuclear plant at Hinkley Point, Somerset, in the west of England, in terms of economics or security of supply.
He was giving evidence at the Hinkley Point C public

inquiry.
The CEGB is planning to build four PWRs by the year 2000 at a total cost of £5bn. The first, Sizewell B, is already under construction on the east coast of England.
Objectors suggested during cross-examination of Mr Goddard yesterday that the CEGB had not shown enough commitment to exploiting the potential of technologies such as wind power.
Greater investment would enable Britain to join other countries who now relied on "renewable" energies, to meet a significant proportion of electricity demand, they suggested.
Mr George Fritchard, an

independent objector who was a former director of the Greenpeace environment group, said the CEGB could obtain larger amounts of electricity in the South West of England through wind and hydro-power and harnessing the burning of refuse.
Mr Crispin Anbrey, representing the Stop Hinkley Expansion, suggested that, although the CEGB claimed to consider public opinion, its record so far was poor in regard to nuclear power.
He said wind power was now regarded as one of the most promising of the "renewable" energies.

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MANAGEMENT: Marketing and Advertising

UK shoe shops

Taking steps towards a well heeled image

Alice Rawsthorn and Maggie Urry on upmarket and middle market approaches

In its heyday in the 1960s McAfee sold some of the smartest shoes in London. Those were the days when Hollywood stars like James Stewart would visit its Bond Street shop to be fitted for hand-made brogues.



Alan Harper

McAfee has introduced up-dated classics at its Knightsbridge flagship store. Customers were chiefly US tourists, whose buying power fluctuated with the fortunes of the dollar.

BSC decides to re-tread an old path

How can a brand new chain of shoe shops get across the idea that it has a long-standing reputation for traditional craftsmanship? Simple, for the likes of British Shoe Corporation - which can revive one of its dormant trading names retained from the era when it was buying up footwear businesses left and right.

In Dunstons, dated 1911. But the original Cable shoes finally died the death in the 1960s when consumers were more interested in things modern than ancient. With 10 different trading names in shoes already, BSC might seem to be over-egging it to start yet another. But Andrew Leslie, managing director of BSC's fashion shoe business, which also includes the Dulcis chain, believes that there is still a gap in the market.

Accentuating alternatives

Philip Rawsthorne on the selling of Girobank

When the news broke earlier this year that Girobank was to be privatised, it was widely suggested that even though it had twice as many outlets as the combined total of Britain's big four clearing banks it had an inherent weakness. This was that it was housed in 31,211 post offices across Britain, staffed by sub-postmasters who would be more interested in selling birthday cards than new banking products.

Rock with the Midland

THOUSANDS of young people around Britain will tomorrow night tune in to their local independent radio stations for Rockline, the live pop and phone-in chat show brought to them for the next three months by Midland Bank.

TECHNOLOGY

Alan Cane describes how British software is helping Hungarian industry to modernise

Changing the minds of manufacturers

Hungary has no shortage of technological heroes, including the expatriates Denis Gabor, the physicist who invented holography, and John von Neumann, the mathematician whose work laid the theoretical foundation of modern computer science.

pressure of market forces. With this has come a realisation of the importance of customer needs, relationships with suppliers, levels of inventory and so on - unfamiliar concepts in a centralised economy. The agreement with Szamalk covers site licences for Videoton, Hungary's largest electronics company, BEG, the second largest in electronics, and the leader in telecommunications, and Medcor, the medical equipment group. However, there is also an understanding that the software can be copied and passed on to other manufacturing organisations in Hungary.



Lajos Varga: "Our progress depends on information technology."

largest electronics enterprise. It manufactures medium and small computers and a range of consumer products, some of them appearing on Western retailers' shelves bearing the Akai label. He says that Videoton has to move from batch processing to an on-line system to reduce its investment in inventory, to improve its ability to review progress in the factory and to provide better information for the sales staff.

This will enable foreign investors to own up to 100 per cent of the shares of certain Hungarian companies. The development follows changes that are already facilitating joint ventures between Hungarian and Western companies. The foreign partners can hold more than 51 per cent of the stock and hard currency can be repatriated. Medcor is the largest supplier of hospital equipment in Hungary. It is a vertically integrated organisation supplying everything from scalp electrodes to X-ray tomography (scanning) equipment.

Where DIY is the best way to acquire a computer

Edward Mayo looks at the difficulties facing technological enthusiasts in Czechoslovakia

CZECHOSLOVAKIA has the distinction of having one of the widest ranges of computer offers in the world. It has over 60 different manufacturers - because building a computer is the easiest way to get one.

enthusiasts have to deal with both shortages of currency and the restrictions set up by Western governments through the Co-ordinating Committee for Multilateral Export Controls (CoCom). Nevertheless, computing exists. Rybar admits, however, that Czechoslovak computing is not sophisticated. One of the most advanced computers available outside universities and research institutes is the Amstrad PCV. The Amstrad, which uses the ancient CP/M operating system, is not by Western standards, state-of-the-art technology. Even so, Rybar believes there are only 20 PCVs in the country. Nevertheless, Amstrad machines remain the best available, says Rybar. They

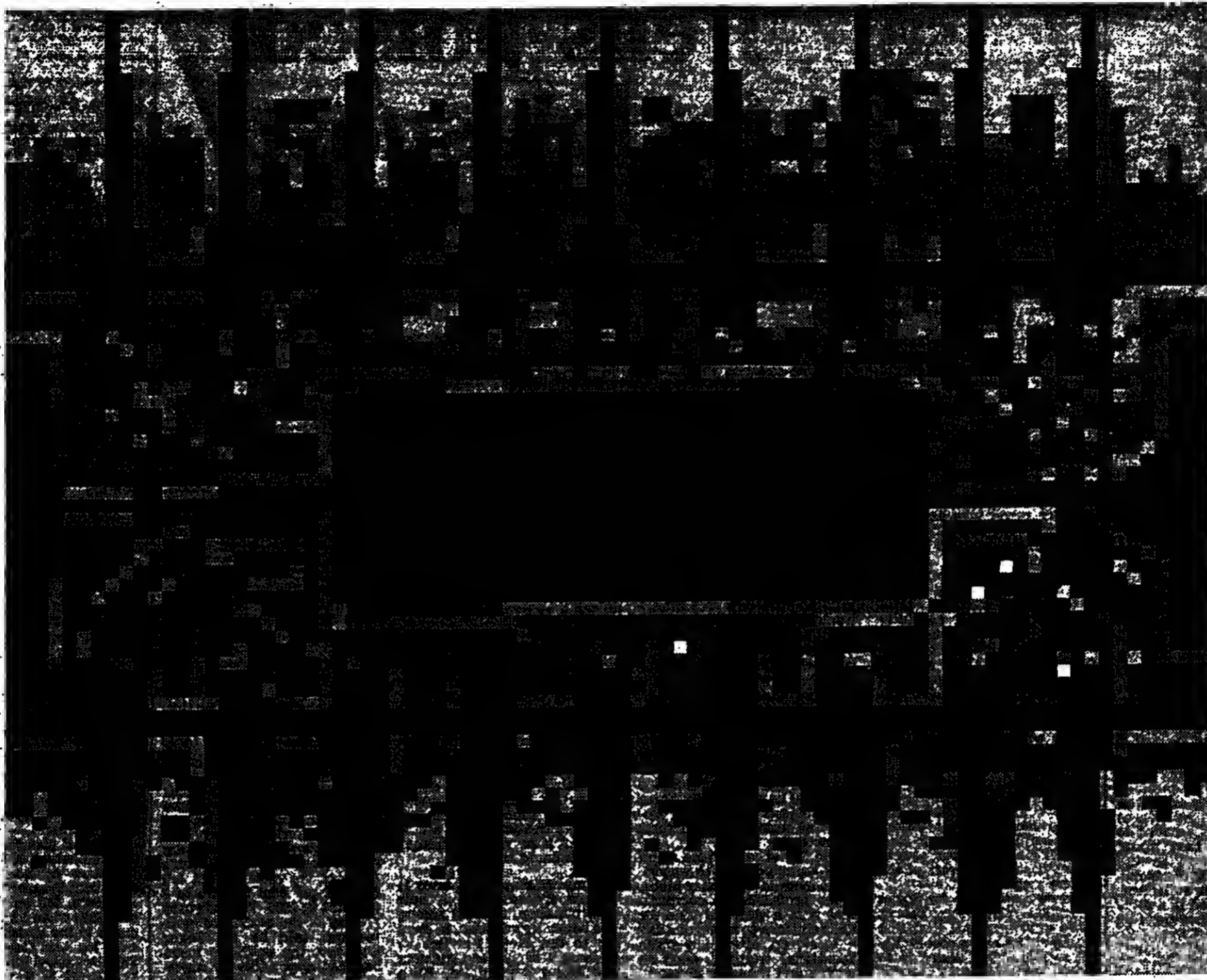
are the most powerful personal computers which can be purchased from the West under CoCom regulations. The Acorn Archimedes, for example, is subject to technology export restrictions. Amstrad are also relatively cheap and are supplied with all the necessary peripherals. This is significant because printers in Czechoslovakia can cost as much as two thirds of the cost of the computer. The most popular foreign computer is the Sinclair Spectrum, which is technologically even more dated than the Amstrad. More than 100,000 are used, mostly for educational purposes at home. There are, however, a number of domestic Czechoslovak microcomputers available in

Plessey and Fisons in biosensors project

By Geoffrey Charlsh

PLESSEY, the UK electronics group, and Fisons, the chemicals and pharmaceuticals manufacturer, are forming a consortium to research, make and market biosensors, a relatively new breed of detection device based on organic rather than inorganic chemistry. Cambridge University's Institute of Biotechnology is also involved. Plessey believes such devices could command a "multi-billion pound" market in the 1990s. They would be used in hand-held instruments or bench-top systems with a host of diagnostic and analytical applications in medicine and industry. Conventional sensors use chemicals which, for example, might change electrical resistance when heated, or generate a voltage if a force is applied. Biosensors, which have to be disposable (to maintain sterile conditions) and therefore cheap, are made from a semi-conductor material with a thin, biologically active film coated on the surface. The film is usually a protein which chemically interacts in a specific way with a biochemical present in the environment. The result is a change in the properties of the biological layer which is in turn sensed by the underlying semiconductor device. Possible changes range from an alteration of optical characteristics like refractive index, to an alteration of electrical resistance. The changes can then be processed electronically and displayed.

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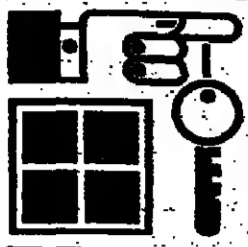
Megatechnology is here! State-of-the-art production techniques allow for submicron devices to be produced with unprecedented reliability. The Megabit DRAM, for example, contains 2.2 million components on a chip only 45 mm² with capacity to store the contents of 64 typed pages - about half the text of a small novel. Such progress is a new dimension in high-speed semiconductor memory technology, but has only been achieved after considerable financial and human resource expenditure involving technical development, advanced fabrication methods and quality assurance engineering.

Siemens is the only European manufacturer of 1 Megabit DRAMs, yet development is well advanced for the next generation of the memory - a 4 Megabit device involving even smaller scales of integration. This chip - with sufficient capacity to store an average-sized novel - will be in production by next year.

Progress continues, for high-capacity memories are only a means to an end: they are the "vehicles" for even more complex chip technology that will bring greater innovative trends to: telecommunications and information technology, industrial electronics, automotive electronics, entertainment electronics and many other fields where innovation linked to quality are key factors.

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FINANCIAL TIMES SURVEY



In an era of change, the year 1992 will be significant for some lawyers while irrelevant to others.

Among solicitors big City firms are prospering, but those who depend on legal aid feel the pinch. The Bar has long-term problems. Many of these developments are irreversible, argues Marcel Berlins

The 1992 conundrum

NEVER IN its history has the legal profession been so uncertain about its prospects, so confused about its purpose and so polarised in its views about the future. Behind the veneer of politeness and mutual praise, barristers and solicitors have rarely been so divided; their showdown is still in its early stages. Even within the solicitors' branch a gap is growing, not unlike Britain's "two nations" chasm, that threatens - or promises - irreversible change to the structure and work of the profession.

Within the great drama that will determine the future of the legal profession, the scene entitled "1992" is likely to play a small part. Some lawyers will find it of critical significance; for the majority it will be of minor interest and limited relevance. As one small-firm solicitor remarked: "Never mind 1992; the question for me is whether I can survive 1989."

On the surface, solicitors have never had it so good; but that blanket assessment disguises an increasing, and worrying, polarisation within the profession. At the top, the big City and provincial firms can hardly cope with the demand

for their services in the commercial and financial areas of the law. At the same time, many smaller firms with traditional practices relying on individual clients are finding it a struggle to make a living.

The message emerging from a recent conference of solicitors practising in the criminal field was simple and gloomy: unless the government was prepared to raise the level of fees payable to solicitors for criminal legal aid work, large numbers would quit doing it altogether. Already, over the last two years, the exodus from criminal work has been significant; it could become a rush. At the same time, the government is scheming to keep legal aid expenditure under control by, in effect, transferring some of the advice-giving work from solicitors to agencies like the Citizens' Advice Bureau. And in spite of the house-buying boom, an average solicitor's income from conveyancing is no longer able to subsidise his less profitable activities.

For many, survival means merger. The headlines have concentrated on the mega-deals creating 100-partner City firms like Clifford Chance and, soon, the nationwide six-centre

100-partner Everheds; but the most frantic amalgamation activity has been among medium-size firms, especially out of London. With the mergers have come a hard look at the profitability of various areas of work, and an inevitable shift towards the more rewarding corporate commercial and financial areas at the expense of the individual in trouble. The solicitor as salesman - of property and of financial services - is taking over from the solicitor as a source of help for the disadvantaged.

The plight of the little solicitor is a world away from the almost embarrassing success of the big City firms. The buoyant national economy, coupled with Big Bang, has sent the graph of solicitors' workload, fees and profits climbing off the page. Last October's crash proved only a minor blip in the inexorable rise. It is no longer a problem of where to find the clients, but rather of how to attract enough good qualified staff to do the work rushing in. Cut-throat competition for future articulated clients has led to starting salaries approaching £20,000 a year in the City.

The poaching of solicitors from other firms - or even of whole departments - is no longer the unimaginable bad manners it was once considered to be, and more and more barristers are being tempted to switch over by the security, huge salaries and perks being offered to change sides. The Bar, now numbering nearly 6,000, has gained less from the factors that have so dramatically boosted solicitors' business. To some extent barristers have been the main sufferers from the success of the other branch. They are losing out to the solicitors in recruiting young people (they cannot match the immediate financial rewards offered); they are losing their own colleagues who have been tempted to cross the divide and they are losing advice work which previously would have come to the Bar but which, with the increasing size and specialisation of solicitors' firms, is now being handled in-house.

The future of the barristers' monopoly of rights of audience in the higher courts has been the most widely publicised issue, but it is not necessarily the most important. Lord Mackay, the Lord Chancellor, has been shooting delicate arrows into the arena. His

deliberately teasing hints can be interpreted to mean virtually anything from radical change to minor tinkering. But even if barristers lose a large slice of their right to plead in the Crown Courts - as recommended by the Marre Committee - the practical effect may not be disastrous. Most solicitors will keep using barristers because it makes sense financially. Quite simply, it is usually cheaper for a solicitor to pay a barrister to spend a day in court than to waste his own more valuable time on criminal work.

But in the longer term, the Bar's difficulties are serious. To some extent barristers have only themselves to blame - not for what they are doing now, but for decades of past complacency, obtuseness and lack of foresight. The last few years have seen a strong wind of change, in both attitudes and action. Barristers realise that they cannot sit back and expect the work to come in. They have begun to advertise their chambers and to market themselves. A young barrister's education, professional training and pupillage have been streamlined and improved. Strenuous recruit-

ment to the Bar (on merit, not on whom-you-know) is being accompanied by greater financial support - through loans, grants, awards and bursaries - to cushion the difficult years of entry; and the Bar's leaders accept that they will soon have to pay pupils in the way that solicitors pay articulated clerks. Many of the traditional Spanish customs - like QCs having to appear with a junior barrister and barristers having to be accompanied by a solicitor in court - have been abandoned or are on their way out. Dickensian quills have been replaced by Amstrads.

The will of the Bar to change and adapt is not in doubt. The question is whether or not it has come too late to save it in its present form. The two-tier system, with a strong, independent pool of specialists available to the large body of generalists, is likely to survive. In what form, and what size, is less easy to predict.

Where, in this professional turmoil, does 1992 fit? For the legal profession, there is nothing magical about that date. It is a convenient psychological target, but heralds no great changes. Streamlined and improved, strenuous recruit-

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Continued on Page 2

Celia Hampton looks at the changes since Big Bang

Breathtaking growth rate

THE CITY of London's Big Bang was not so much an event in its own right for law firms as a symbol and symptom of a change that had already started. Its moving force was the internationalisation of the financial world, already encouraged by the dismantling of restraints on capital and currency movements.

Big Bang opened London's markets to outsiders and welcomed advisers from abroad. The City could not afford to exclude the world's financial power-houses if it was to keep its place in the global markets, let alone gain the desired ascendancy. It generated a temporary spate of legal work while the City establishments realigned themselves as conglomerates and new arrivals settled in.

The demolition of barriers between trading, stockbroking and advising, which happened on October 27 1986, brought on a surge of equity-related activity - flotations, privatisations, new issues, rights issues, takeover bids and so on. This led to a year-long explosion in legal work, with the lawyers barely able to cope.

Black Monday - 51 weeks later - caused anxiety at the time, but in fact gave lawyers something of a respite. Flotations were scrapped and underwriting became impossible. Continuing liquidity, however, enabled the corporate world to bounce back within a short time, using debt rather than equity. Growth was maintained by the law firms, but at a more manageable speed.

These were developments separate in themselves from the movement for more investor protection, though the two are connected, both conceptually and in practice. The legislation of the Financial Services Act has meant a lot more work for lawyers, but the proportion of growth attributable either to the Big Bang or to the FSA regime is obscured by the overlap. The overall rate of growth, by any measure, has been breathtaking.

Lawyers who practised corporate law in the 1970s became active in the field in the 1980s, and hyperactive after 1986 - a condition they seem profitably doomed to

suffer for the time being.

The work was already there, for English law has always been chosen to apply between some borrowers and lenders who have nothing to do with the UK. Work done by London law firms on the international capital markets was not greatly affected by the Big Bang as such. Linklaters & Paines, for instance, who specialise in this work, experienced a decade of steady growth, very temporarily interrupted by Black Monday.

The Big Bang brought a need for this sort of expertise to the domestic corporate scene. The law governing financial and corporate deals did not essentially change. The change for the lawyers has come rather from the new international element, added regulation and new tactics.

Internationalisation calls for knowledge of other countries' laws as well as, increasingly, the law of the European Community. It makes it cost-efficient for the biggest London law firms to open branches across the world. Nowadays the sun never sets on Clifford Chance, with offices in the three major time zones and seven more in between. The practical efficiency of Baker & McKenzie's international partnership has come into its own.

Other law firms form links with leading local lawyers in other countries. It might take a UK intruder years to become a serious match for the local competition, and co-operative arrangements have the advantages of economy, close contact with another legal culture and reciprocal reference of clients.

A new regular feature in company and financial work is regulatory advice. Since the 1960s, it has been the US lawyer's expectation to advise on compliance with administrative rules. The London lawyer used to concentrate his advice on the transaction in hand, mainly its commercial aspects.

Mr Tony Humphrey, a partner in Allen & Overy, notes the substantial increase in regulatory advice as a regular part of the corporate department's now permanent workload.

Continued on page 2



The Legal Profession

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LEGAL PROFESSION 4

Leo Herzel spotlights key changes in the US

Goodbye to fusty gentility

LARGE CORPORATE law firm practice in America has changed dramatically in the past 25 years. The most important of these changes are the decline in the barriers to entry on religious and racial grounds; the large number of women entering the profession; the sharp increase in the incomes of lawyers in these firms; and the growth in importance of inside corporate law departments.

The decline in religious and racial discrimination in law firms is part of a general trend in American industry and finance. The main causes appear to have their origin in World War II.

After the war, competition in American industry and finance increased sharply due to the pent-up domestic and international demand for US goods and services. A contributing factor was the large social dislocations caused by the War which dislodged the ascendancy from its grip on the economy. Another influence was the shock caused by the recognition of what had been happening in Nazi Europe, which undermined the respectability of religious and racial prejudice.

Women benefited from the same developments, although there was a delay caused mainly by a lack of supply of

qualified women. So it took time for women to become adjusted to these opportunities and to become qualified as lawyers.

Despite the increase in the supply of lawyers, caused by the decline in these barriers to entry, and the loss of business to inside corporate law departments, lawyers' incomes in large firms have been going up rapidly.

The most interesting and dramatic example is Wachtel, Lipton, Rosen & Katz in New York which has a highly specialised takeover and bankruptcy practice. The partners in that firm had an estimated average income of \$1.4m in 1987. The main causes of these high incomes are the many more hours worked per lawyer and an increase in demand for the legal services performed by large firms. In Wachtel Lipton, for example, the ratio of partners to salaried lawyers is about one-to-one, so the high incomes cannot be explained away as an exploitation of young salaried lawyers.

Discrimination and lower lawyers' incomes had been closely associated. The connecting link was a conspiracy of gentility: don't ruffle my placid life and I won't ruffle yours; and let's keep out anyone who might disturb the peace. Lawyers, particularly

partners, usually didn't work very hard. Law firms were reluctant to compete economically either by raising lawyers' salaries or by luring away partners from other firms.

Another important cause of the increase in incomes is the star phenomenon. This is particularly evident in the takeover business. Transactions are very large and the possible profits for bidders and investment bankers are correspondingly large. For the boards and officers of targets in takeovers, the takeover premiums at stake are very high: one of the costs of takeover is usually dismissal.

Success or failure may be determined by very small differences in performance. For the consumers of this type of legal service it appears reasonable not to take even very small avoidable risks; and if a law firm has a reputation for devising ingenious bidding strategies or defences, it seems logical to pay the very high fees asked.

The same phenomenon can be seen in the very high fees and salaries of star performers such as opera singers and professional athletes. Small variations in performance or renown may make the difference between success and failure; and the economic differences between success

and failure can be huge.

The increase in the stature of the inside general counsel has changed the relationship between large law firms and clients drastically. Except in crisis situations, it is becoming unusual for the top partners in law firms to have close personal relationships with the chief executive officers of their corporate clients. To do so could be an affront to the general counsel which both the law firm and the chief executive officer wish to avoid.

For similar reasons, it is no longer common for lawyers from large corporate firms to sit on the boards of directors of their large corporate clients. Concern is also heard about the independence of directors, such as lawyers and investment bankers, who provide services to the company. If there is a lawyer on the board now, it is generally the inside general counsel, or perhaps a lawyer whose firm does little or no work for the company. But quite commonly, there is no lawyer at all on the board.

This change in the relationship of law firm and client is far more important than the loss of business caused by the rapid growth of law departments. It is usually quite easy for well-managed law firms to adjust to the loss of business to law departments if they have

time. In fact, many law firms prefer to have some such limit on expansion so they can concentrate on the most profitable law business. The growth of corporate law departments gives them a reason to forgo business without taking the risk of losing the client.

Inside general counsels have been another important influence in making law practice much more competitive. It is natural for general counsels to want to reduce dependence on a single supplier of law services. Moreover, general counsels, and inside lawyers who work for them, form close personal relationships with the lawyers from law firms with whom they work.

Because of these relationships, if a young lawyer decides to move to another law firm, it is not unusual for him to be able to take some of that business with him. This is a big change from the days when the relationships between law firms and corporate clients were dominated by top partners who were close friends of the chief executive officers. It was much more difficult then for a young lawyer who wanted to move on to take law business away with him.

Lawyers in the large American firms may be missing some important things in life. Competition and hard work are not the only virtues. On the other hand, for this lawyer at least, it would not be a pleasant choice to have to go back to the fusty gentility that used to dominate the profession.

The author is a partner in the Chicago office of Mayer, Brown & Platt.

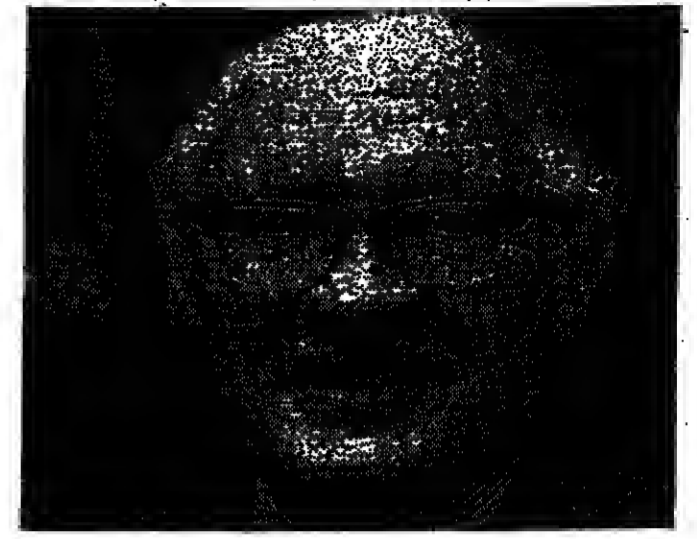
IN-HOUSE LAWYERS

When one client is calling the tunes

AN UNKNOWN but large number of qualified lawyers choose to work for companies rather than enter private practice. Some 2,200 solicitors taking this route regularly renew their practising certificates (licences to do work reserved to solicitors), but beyond that the numbers can only be guessed at. Many more are solicitors working in a purely advisory capacity, and there are probably some 2,000 to 3,000 barristers in company employment.

The range and character of the work to be done by these lawyers are immensely varied. The legal department of a multinational will offer a very different career from a smallish engineering firm needing a single lawyer on its staff. No two jobs are quite alike, even in companies in the same sector, and the company's business is so central a part of the lawyer's work that there are great differences between sectors.

Some legal tasks are much the same as in private practice - conveyancing or drafting contracts, for instance. Others (especially where the work is international) are more like participation in the general business of the company.



Sir David Steel: from company lawyer to chairman

There is an ambivalence in the position of employed lawyers. While they are paid members of the company's staff, they retain their identity as members of a profession. It sounds odd to the uninitiated, but a corporate lawyer will refer to his or her employer as "the client".

Lord Denning said of employed lawyers: "They are regarded by the law as in every respect in the same position as those who practise on their own account. The only difference is that they act for one client only, and not for several clients. They must uphold the same standards of honour and of etiquette. They are subject to the same duties to their client and to the court." (Alfred Crompton v Customs & Excise (1972) 2 AER 376).

The ambivalence was uncomfortably illustrated by a recent case commented on by the Law Society. An employed solicitor had engaged the services of an outside barrister on one of the company's legal matters. The company went into liquidation. As barristers cannot enforce their fees, the barrister's bill could not be put in to the liquidator in the normal way. Instead the barrister approached the solicitor personally. Non-payment of a barrister's fees is a matter for individual professional discipline by the Law Society. The solicitor had (in theory at least) to pay the barrister's fees from his own pocket.

The details of this case were not made public, and the facts were unusual. The problem arose from the "public policy" of not letting barristers sue for their fees, but it is a cautionary reminder of the corporate lawyer's dual role in the company's team.

The need to be part of the team is important. Outside lawyers advising companies tend to be brought in on a limited brief, either on a single project or after things have started to go wrong. The in-house lawyer has to be there before detailed formulation of the project, and to make sure that things do not go wrong.

The role is not unlike that of the family lawyer of the last century who advised generally on the client's affairs. The client is less interested in what the law stops him from doing than in how he can lawfully do what he wants to do.

This makes their role rather lonely for some in-house lawyers. They have to make sure the company obeys the Financial Services Act to the letter, makes agreements which will not go straight to the EC Commission or the Office of Fair Trading as anti-competitive, observes environmental rules for dangerous chemicals, and

so on. These lawyers can sometimes be seen as a deterrent to commercial enterprises.

A large company will have its own staff of experts. But while a lawyer employed by a bank is likely to be expert in banking law, he tends to keep more of the generalist approach than he would in private practice - banks also build offices, hire and fire staff and hatch "1992" plans.

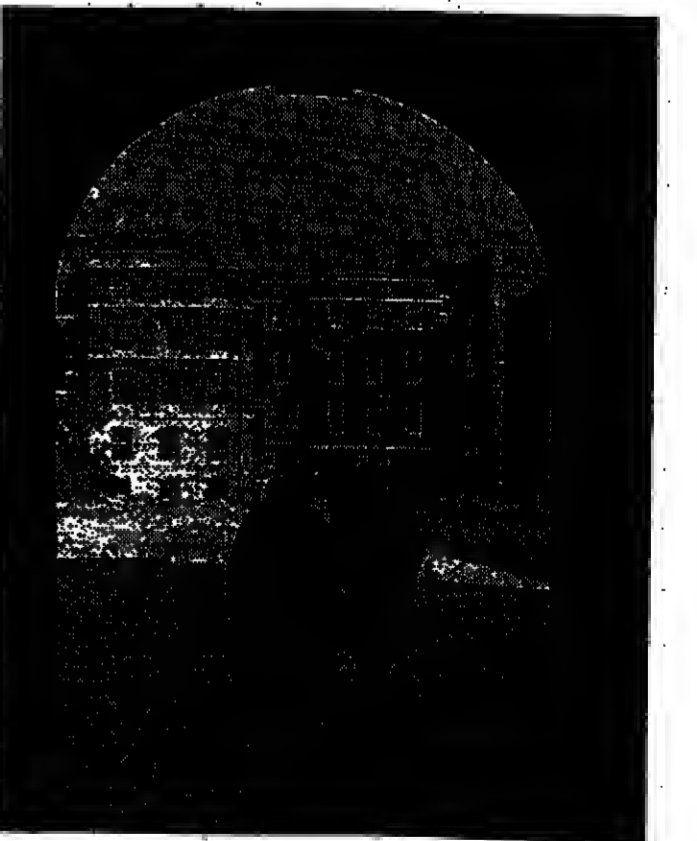
The external lawyer will usually be handed a ready-made problem - a share acquisition, an agreement with a European competitor, going ahead on a new factory. By the time it reaches him it will be a "takeover", "competition" or "planning" problem. The in-house lawyer, on the other hand, has to spot the problem, and its legal nature, as it arises. For this reason, among others, the corporate lawyer needs to know what is going on throughout the company.

Levels of pay are published annually by Chambers & Partners, an employment agency specialising in placing lawyers. Figures for corporate lawyers compare favourably with what a lawyer in private practice can expect, especially at the start. The total remuneration for a legal assistant in industry in the 25-30 age group is about £25,000. In private practice, assistant solicitors only better this if they work in City firms (£25,000-£26,000).

Beyond this, it is not easy to draw comparisons (Chambers' figures do not include solicitors in private practice who are partners). Overall, it would seem that, although corporate lawyers may not hit the heights reached by the most successful in the City or at the specialised Bar, and national averages for industry are as misleading as averages for private practice, the salary offers a sound incentive to opt for a career in industry. Service industries are the best remunerated, followed by oil and banking. Engineering and construction are the least rewarded, with financial services second from the bottom of the league.

Though it is impossible to say how many achieve it, there is also the possibility of moving sideways from the legal department of a company into corporate management. Company secretaryship is a logical destination, although this is rather a special enclave in the management structure. An example, however, for aspiring in-house lawyers was set by Sir David Steel, chairman of British Petroleum from 1975 to 1981. In 1980 he joined the company's legal department as a solicitor.

Celia Hampton



At the end of the day, it's back to chambers in the Temple

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FINANCIAL TIMES SURVEY



The globalisation of the world automotive industry is entering a new era as the major producers seek to

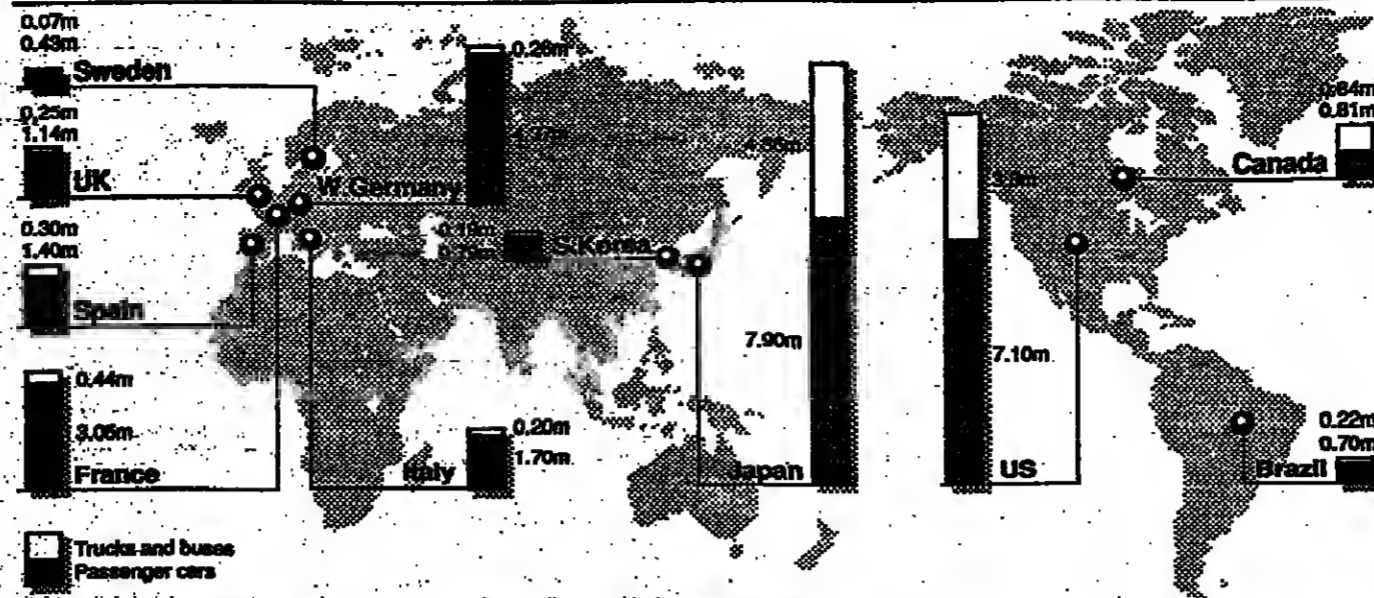
gain a competitive edge on their rivals by establishing a worldwide sourcing network for vehicles and components, writes Kevin Done, Motor Industry Correspondent. But current sales buoyancy belies the problems of trade and structural adjustments which lie ahead

The eye of the storm

THE WEST European motor industry is in a stable mood. More cars are being sold than ever before as West European markets head for record registrations for a third successive year. Profits are surging and boosting confidence with car production in Europe on target for a best-ever total of 12.5m units, surpassing last year's record of 12.2m units. After years of being dogged by overcapacity, European car makers are preoccupied more with efforts to squeeze out additional vehicles to meet a level of demand, which almost without exception, they have underestimated. However the boom is temporarily serving to mask the mounting challenges and pressures which are relentlessly redrawing the structure of the world automotive industry. In the last 10 years the motor industry has become increasingly global in scope and character, and European producers will face a new scale of competition during the 1990s as vehicle makers from Japan, the

US and the newly industrialising countries seek to gain a growing share of the world's most dynamic car market. According to Professor Gareth Rhys, professor of motor industry economics at Cardiff Business School, the motor industry in Europe is currently "in the eye of the storm". Despite the present record demand for new cars in most European markets, the industry will again face the looming threat of overcapacity in the 1990s. The \$610m investment by Nissan, the second largest Japanese automotive group, to build a 200,000 units a year car plant in north-east England, is only the first of several expected moves by the Japanese industry to set up new assembly capacity in Europe. Toyota, Mitsubishi, Subaru and Suzuki have all made clear that they are studying the feasibility of establishing assembly plants in West Europe, while Honda has already forged a production link with Rover Group in the UK. The setting up of production capacity in Europe marks a

World motor vehicle production



The Motor Industry

new stage in the global expansion of the Japanese motor industry, and is causing profound disquiet among some European vehicle makers and governments, as it appears that the days of import restrictions are numbered. Nissan's move this month to start the export of cars from its UK plant to markets in continental Europe, including France, has already blown up into a running trade row between London and Paris. The UK is championing Nissan's cause and insisting that the cars in question are British-built having reached more than 60 per cent local content and are therefore free to circulate throughout the EC. France insists on classifying the cars as Japanese imports until they have reached a local content level of 80 per cent. Behind the Anglo-French dispute lies the continuing confusion over framing both an external and an internal trade policy for the European motor industry as part of realising the vision of a single market in Europe in the 1990s. The issue dramatizes the tensions existing between those seeking the creation of a "fortress Europe", and those accepting that the battle in tomorrow's motor

industry will be fought on a global scale, and that no trade barriers can insulate European producers from the fray. As part of the development of a global market broad product tastes in terms of size, shape and mechanical specification are converging and the world's vehicle makers are moving increasingly to global sourcing, both of products and components. (It is no longer exceptional that an automotive group such as General Motors of the US should take a car designed and engineered by its subsidiary in Europe, the Opel Kadett/Vauxhall Astra, produce it in South Korea with its 50 per cent owned affiliate Daewoo Motor, and then import it into the US for sale under the Pontiac Le Mans badge). During the 1990s Europe will have to look too at the US as a potential source of a new wave of imports, both from US and Japanese producers, as well as at the rapidly emerging motor industries elsewhere, particularly in South Korea. The potential for trade conflict is not only with Tokyo. The Japanese automakers are well on their way to establishing a production capacity of more than 2m units a year in North America. Cars have

begun running off the assembly lines at several new Japanese plants this year including the latest, Toyota's \$800m car assembly plant in Georgetown, Kentucky, which will be capable of producing 200,000 units a day by the early 1990s. The expansion by the Japanese vehicle makers in the US has already entered a new phase as the components suppliers follow the vehicle makers (OEMs) into the market. Most attention has focused previously on the assembly plants themselves, but they are being followed by a wave of suppliers as the Japanese build a replica of their domestic industry in the US. Several engine plants have already been announced. Toyota has a \$300m engine plant under construction as part of its \$1.1bn complex in Kentucky - and as the necessary volumes are reached transmissions plants will follow. According to Mr Harold Poling, vice chairman and chief operating officer of Ford, "Some 150 Japanese auto parts companies are producing goods in the US today, about three times the number in January 1984. And many industry analysts have estimated that the

CONTENTS

The UK: Booming home demand; Rover group profile 3

The European scene: 1992; West Germany; Spain; Japan in Europe; Italy; Eastern Europe; France; Sweden 4-8

World motor manufacture: a flow chart 9

Far East: Japan, Japan in US, South Korea 10

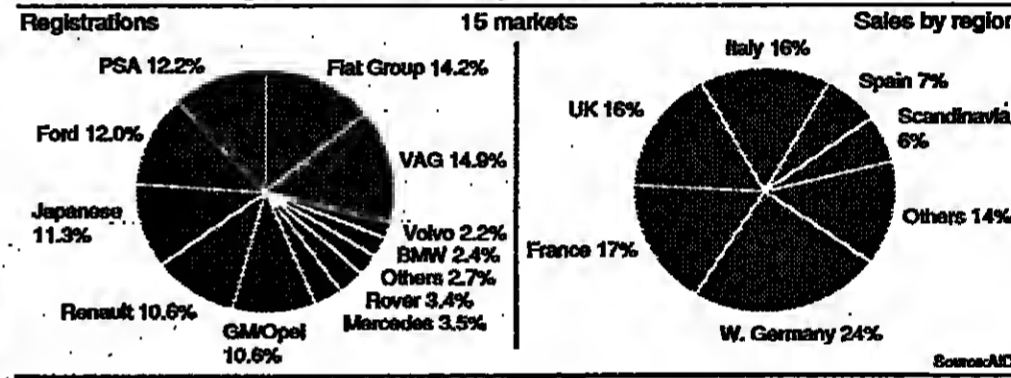
The US: the market; GM and Ford profiles 12

New technology: the 21st century car; plastics; laboratory on wheels; environment; components 14-18

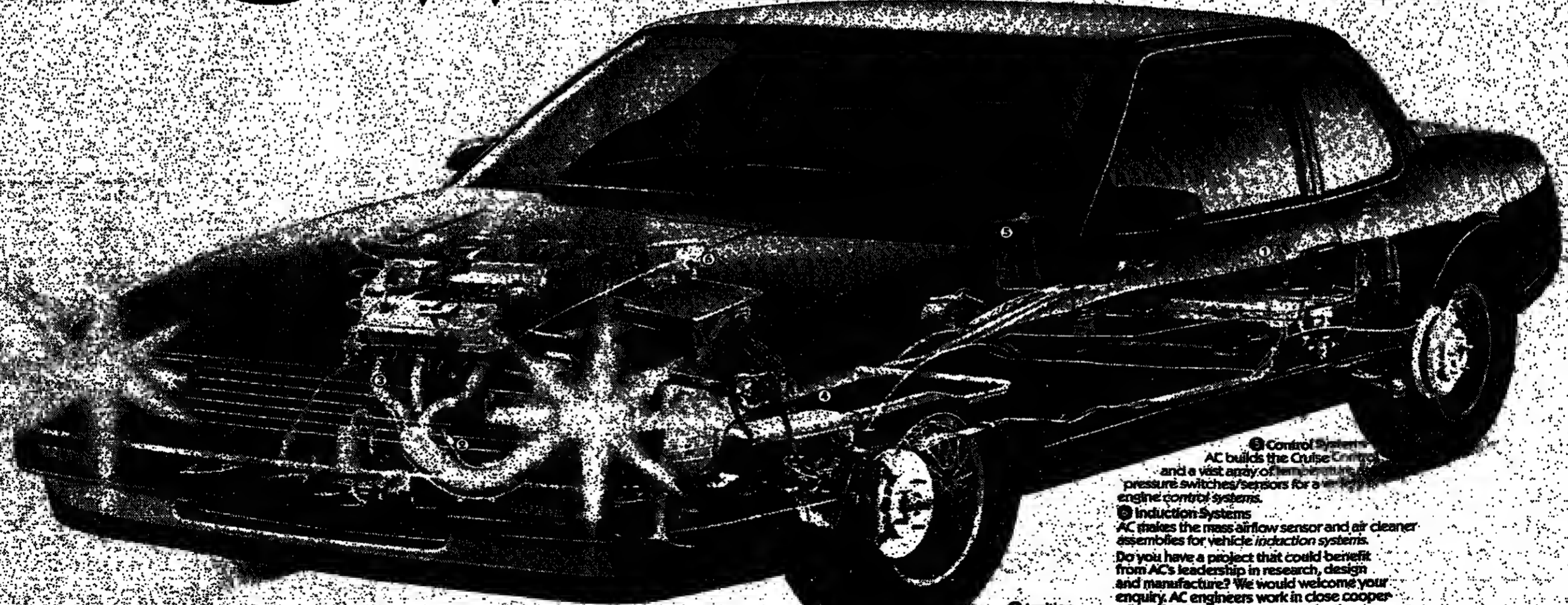
British Motor Show: vintage year for new models 18

number could grow to 300 by 1990." Mr Poling suggests that "planned additions to capacity, particularly Japanese plants in North America and Europe as well as new Korean plants, are expected to result in excess worldwide automotive capacity of some 9m units by 1990 - over 20 per more cars and trucks than consumers will demand. It means there will be manufacturers today that will not be able to survive to the end of the century - if that long - in their present sizes and structures. And the impact will be felt most severely in North America where nearly 6m units of that excess will be aimed. From the grim days at the beginning of the 1980s the US auto industry has fought back, but the environment today is even more testing than most feared. "Today there are more competitors in the North American market than any of us ever expected," says Mr Robert Stempel, president of General Motors of the US, the world's biggest automotive concern. At the beginning of the 1980s the industry was talking about "world cars", a few vehicles that would be sold in all parts of the globe, and of the likelihood that the number of manufacturers would decrease. "Today 27 major manufacturers produce more than 40 brand names for the US market and unlike the view in the early 1980s, we now expect more manufacturers, many more, to join us in the world's richest automotive market." GM can look to Europe for hope, where its ambitious investments are already paying off and it is earning record profits, along with most of the volume car makers. After three record years in West Europe most vehicle makers expect demand to soften next year, although they are becoming used to their predictions proving wrong. Even Mr Jacques Calvet, chairman and chief executive of Peugeot of France, Europe's fastest growing car maker this year, expected a downturn of 3 per cent in 1988, whereas by the end of August European new car sales were again 5 per cent ahead. Peugeot itself is planning for further growth anyway with an ambitious plan to increase capacity in Europe by 20 per cent over the next four years and capture European market leadership from Fiat and Volkswagen by the early 1990s.

Western Europe: 1987 car registrations and sales



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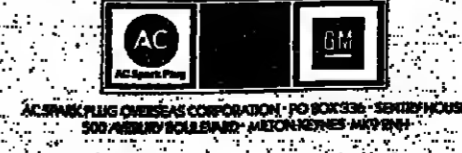


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GTX 1.9 model, for instance, will take you from 0 to 60 (space permitting) in 9.9 seconds. Very bracing.

But if you're worried that all this may have been achieved by sacrificing load space, breathe easy. The 405 Estate isn't a hatchback pretending to be an estate. At nearly 58 cubic feet, the 405's load space is as generous as you could wish for - in fact it's wider than that of any of its major competitors.

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LEGAL PROFESSION 4

Leo Herzel spotlights key changes in the US

Goodbye to fusty gentility

LARGE CORPORATE law firm practice in America has changed dramatically in the past 25 years. The most important of these changes are the decline in the barriers to entry on religious and racial grounds; the large number of women entering the profession; the sharp increase in the incomes of lawyers in these firms; and the growth in importance of inside corporate law departments.

The decline in religious and racial discrimination in law firms is part of a general trend in American industry and finance. The main causes appear to have their origin in World War II.

After the war, competition in American industry and finance increased sharply due to the pent-up domestic and international demand for US goods and services. A contributing factor was the large social dislocations caused by the War which dislodged the ascendancy from its grip on the economy. Another influence was the shock caused by the recognition of what had been happening in Nazi Europe, which undermined the respectability of religious and racial prejudice.

Women benefited from the same developments, although there was a delay caused mainly by a lack of supply of

qualified women. So it took time for women to become adjusted to these opportunities and to become qualified as lawyers.

Despite the increase in the supply of lawyers, caused by the decline in these barriers to entry, and the loss of business to inside corporate law departments, lawyers' incomes in large firms have been going up rapidly.

The most interesting and dramatic example is Wachtel, Lipton, Rosen & Katz in New York which has a highly specialised takeover and bankruptcy practice. The partners in that firm had an estimated average income of \$1.4m in 1987. The main causes of these high incomes are the many more hours worked per lawyer and an increase in demand for the legal services performed by large firms. In Wachtel Lipton, for example, the ratio of partners to salaried lawyers is about one-to-one, so the high incomes cannot be explained away as an exploitation of young salaried lawyers.

Discrimination and lower lawyers' incomes had been closely associated. The connecting link was a conspiracy of gentility: don't ruffle my placid life and I won't ruffle yours; and let's keep out anyone who might disturb the peace. Lawyers, particularly

partners, usually didn't work very hard. Law firms were reluctant to compete economically either by raising lawyers' salaries or by luring away partners from other firms.

Another important cause of the increase in incomes is the star phenomenon. This is particularly evident in the takeover business. Transactions are very large and the possible profits for bidders and investment bankers are correspondingly large. For the boards and officers of targets in takeovers, the takeover premiums at stake are very high: one of the costs of takeover is usually dismissal.

Success or failure may be determined by very small differences in performance. For the consumers of this type of legal service it appears reasonable not to take even very small avoidable risks; and if a law firm has a reputation for devising ingenious bidding strategies or defences, it seems logical to pay the very high fees asked.

The same phenomenon can be seen in the very high fees and salaries of star performers such as opera singers and professional athletes. Small variations in performance or renown may make the difference between success and failure; and the economic differences between success

and failure can be huge.

The increase in the stature of the inside general counsel has changed the relationship between large law firms and clients drastically. Except in crisis situations, it is becoming unusual for the top partners in law firms to have close personal relationships with the chief executive officers of their corporate clients. To do so could be an affront to the general counsel which both the law firm and the chief executive officer wish to avoid.

For similar reasons, it is no longer common for lawyers from large corporate firms to sit on the boards of directors of their large corporate clients. Concern is also heard about the independence of directors, such as lawyers and investment bankers, who provide services to the company. If there is a lawyer on the board now, it is generally the inside general counsel, or perhaps a lawyer whose firm does little or no work for the company. But quite commonly, there is no lawyer at all on the board.

This change in the relationship of law firm and client is far more important than the loss of business caused by the rapid growth of law departments. It is usually quite easy for well-managed law firms to adjust to the loss of business to law departments if they have

time. In fact, many law firms prefer to have some such limit on expansion so they can concentrate on the most profitable law business. The growth of corporate law departments gives them a reason to forgo business without taking the risk of losing the client.

Inside general counsels have been another important influence in making law practice much more competitive. It is natural for general counsels to want to reduce dependence on a single supplier of law services. Moreover, general counsels, and inside lawyers who work for them, form close personal relationships with the lawyers from law firms with whom they work.

Because of these relationships, if a young lawyer decides to move to another law firm, it is not unusual for him to be able to take some of that business with him. This is a big change from the days when the relationships between law firms and corporate clients were dominated by top partners who were close friends of the chief executive officers. It was much more difficult then for a young lawyer who wanted to move on to take law business away with him.

Lawyers in the large American firms may be missing some important things in life. Competition and hard work are not the only virtues. On the other hand, for this lawyer at least, it would not be a pleasant choice to have to go back to the fusty gentility that used to dominate the profession.

The author is a partner in the Chicago office of Mayer, Brown & Platt.

IN-HOUSE LAWYERS

When one client is calling the tunes

AN UNKNOWN but large number of qualified lawyers choose to work for companies rather than enter private practice. Some 2,200 solicitors taking this route regularly renew their practising certificates (licences to do work reserved to solicitors), but beyond that the numbers can only be guessed at. Many more are solicitors working in a purely advisory capacity, and there are probably some 2,000 to 3,000 barristers in company employment.

The range and character of the work to be done by these lawyers are immensely varied. The legal department of a multinational will offer a very different career from a smallish engineering firm needing a single lawyer on its staff. No two jobs are quite alike, even in companies in the same sector, and the company's business is so central a part of the lawyer's work that there are great differences between sectors.

Some legal tasks are much the same as in private practice - conveyancing or drafting contracts, for instance. Others (especially where the work is international) are more like participation in the general business of the company.



Sir David Steel: from company lawyer to chairman

There is an ambivalence in the position of employed lawyers. While they are paid members of the company's staff, they retain their identity as members of a profession. It sounds odd to the uninitiated, but a corporate lawyer will refer to his or her employer as "the client".

Lord Denning said of employed lawyers: "They are regarded by the law as in every respect in the same position as those who practise on their own account. The only difference is that they act for one client only, and not for several clients. They must uphold the same standards of honour and of etiquette. They are subject to the same duties to their client and to the court." (Alfred Crompton v Customs & Excise (1972) 2 AER 376).

The ambivalence was uncomfortably illustrated by a recent case commented on by the Law Society. An employed solicitor had engaged the services of an outside barrister on one of the company's legal matters. The company went into liquidation. As barristers cannot enforce their fees, the barrister's bill could not be put in to the liquidator in the normal way. Instead the barrister approached the solicitor personally. Non-payment of a barrister's fees is a matter for individual professional discipline by the Law Society. The solicitor had (in theory at least) to pay the barrister's fees from his own pocket.

The details of this case were not made public, and the facts were unusual. The problem arose from the "public policy" of not letting barristers sue for their fees, but it is a cautionary reminder of the corporate lawyer's dual role in the company's team.

The need to be part of the team is important. Outside lawyers advising companies tend to be brought in on a limited brief, either on a single project or after things have started to go wrong. The in-house lawyer has to be there before detailed formulation of the project, and to make sure that things do not go wrong.

The role is not unlike that of the family lawyer of the last century who advised generally on the client's affairs. The client is less interested in what the law stops him from doing than in how he can lawfully do what he wants to do.

This makes their role rather lonely for some in-house lawyers. They have to make sure the company obeys the Financial Services Act to the letter, makes agreements which will not go straight to the EC Commission or the Office of Fair Trading as anti-competitive, observes environmental rules for dangerous chemicals, and

so on. These lawyers can sometimes be seen as a deterrent to commercial enterprises.

A large company will have its own staff of experts. But while a lawyer employed by a bank is likely to be expert in banking law, he tends to keep more of the generalist approach than he would in private practice - banks also build offices, hire and fire staff and hatch "1992" plans.

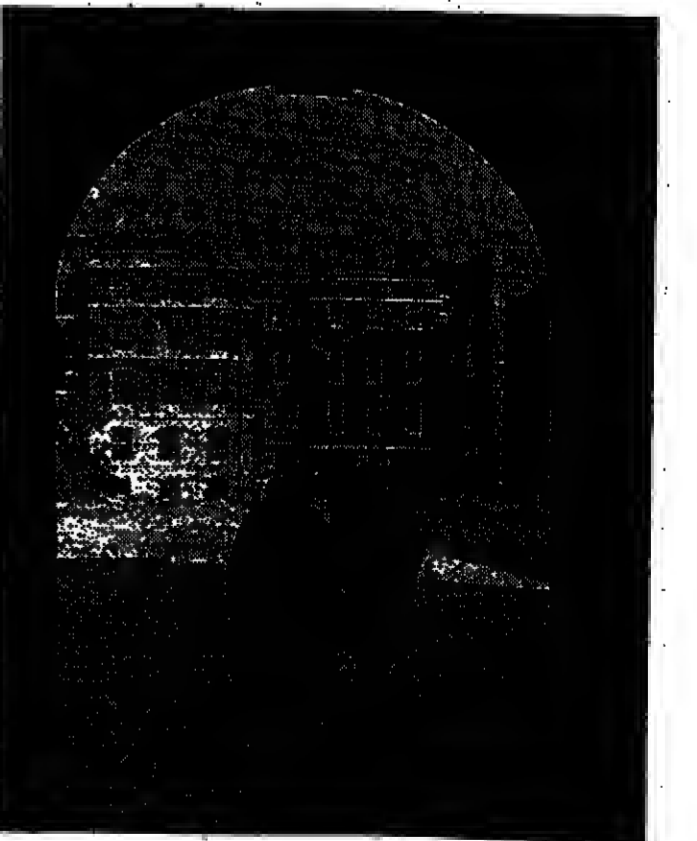
The external lawyer will usually be handed a ready-made problem - a share acquisition, an agreement with a European competitor, going ahead on a new factory. By the time it reaches him it will be a "takeover", "competition" or "planning" problem. The in-house lawyer, on the other hand, has to spot the problem, and its legal nature, as it arises. For this reason, among others, the corporate lawyer needs to know what is going on throughout the company.

Levels of pay are published annually by Chambers & Partners, an employment agency specialising in placing lawyers. Figures for corporate lawyers compare favourably with what a lawyer in private practice can expect, especially at the start. The total remuneration for a legal assistant in industry in the 25-30 age group is about £25,000. In private practice, assistant solicitors only better this if they work in City firms (£25,000-£26,000).

Beyond this, it is not easy to draw comparisons (Chambers' figures do not include solicitors in private practice who are partners). Overall, it would seem that, although corporate lawyers may not hit the heights reached by the most successful in the City or at the specialised Bar, and national averages for industry are as misleading as averages for private practice, the salary offers a sound incentive to opt for a career in industry. Service industries are the best remunerated, followed by oil and banking. Engineering and construction are the least rewarded, with financial services second from the bottom of the league.

Though it is impossible to say how many achieve it, there is also the possibility of moving sideways from the legal department of a company into corporate management. Company secretaryship is a logical destination, although this is rather a special enclave in the management structure. An example, however, for aspiring in-house lawyers was set by Sir David Steel, chairman of British Petroleum from 1975 to 1981. In 1980 he joined the company's legal department as a solicitor.

Celia Hampton



At the end of the day, it's back to chambers in the Temple

CORPORATE AND FINANCIAL

COMMERCIAL AND TRADE

TAXATION

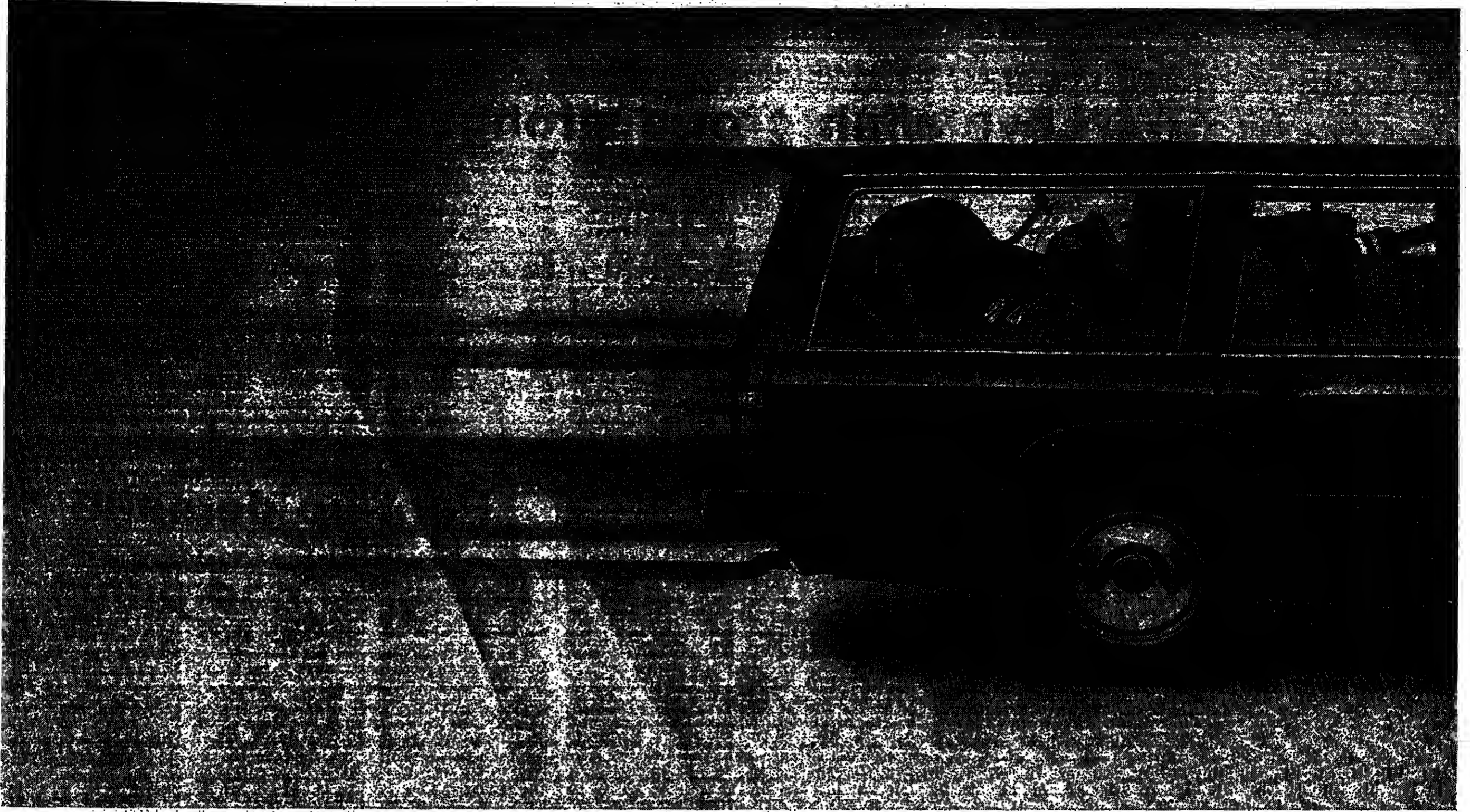
LITIGATION

PROPERTY AND PLANNING

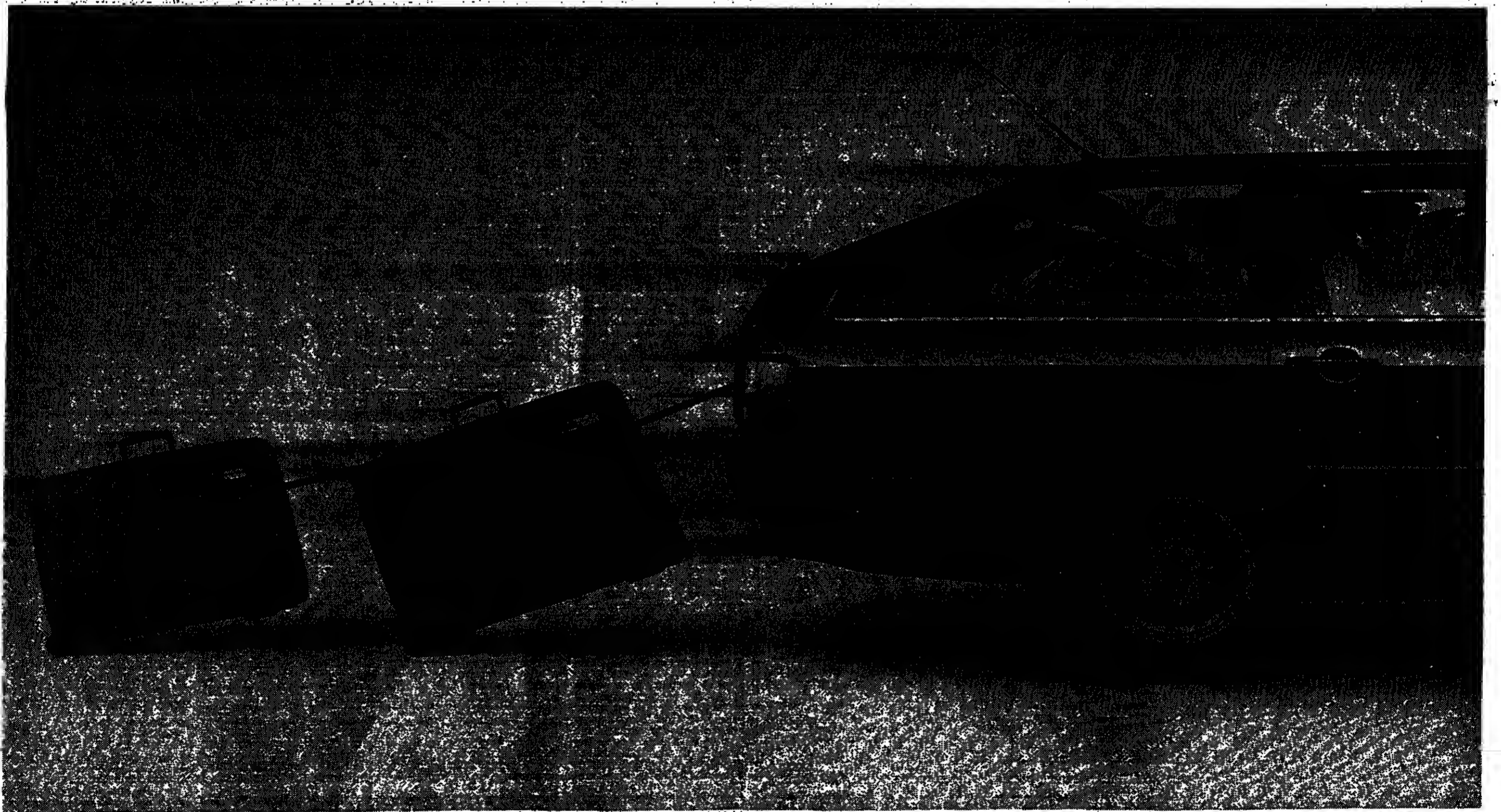
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THEY BUILD THEM BETTER

Look back as far as you care to. Back to the very first motor car, and you will find the name 'Benz' stamped on it. It's a grip on motoring innovation the company has never relaxed. In the '50's, Mercedes-Benz introduced the 300SL, shown here, the world's first fuel-injected car. Thirty-three years ago. And virtually every example of this famous Gullwing car is still in running order. The reason is as

simple as the cars are complex. Its radical engine was married to just as radical a chassis, and it became an instant classic. At its unveiling it merely

reconfirmed the margin of Mercedes-Benz design and engineering superiority.

Today, the cars are even more complex, and those design and quality control margins are still there - and just as wide as ever.

THEY CHECK THEM MORE THOROUGHLY

It takes 7 years to produce a quality controller at Mercedes-Benz. Seven years, minimum, of assembly line experience before promotion to the Quality Assurance elite is considered. And there are 5310 inspectors, more for each vehicle

produced than any other manufacturer permits. Their authority is unquestioned, their demands uncompromising. The production line moves no more quickly than the quality control inspectors allow. No matter how minor the fault, the entire production line will be halted if it is not rectified. It is the toughest production regime there is.

THEY RELY ON CRAFTSMEN

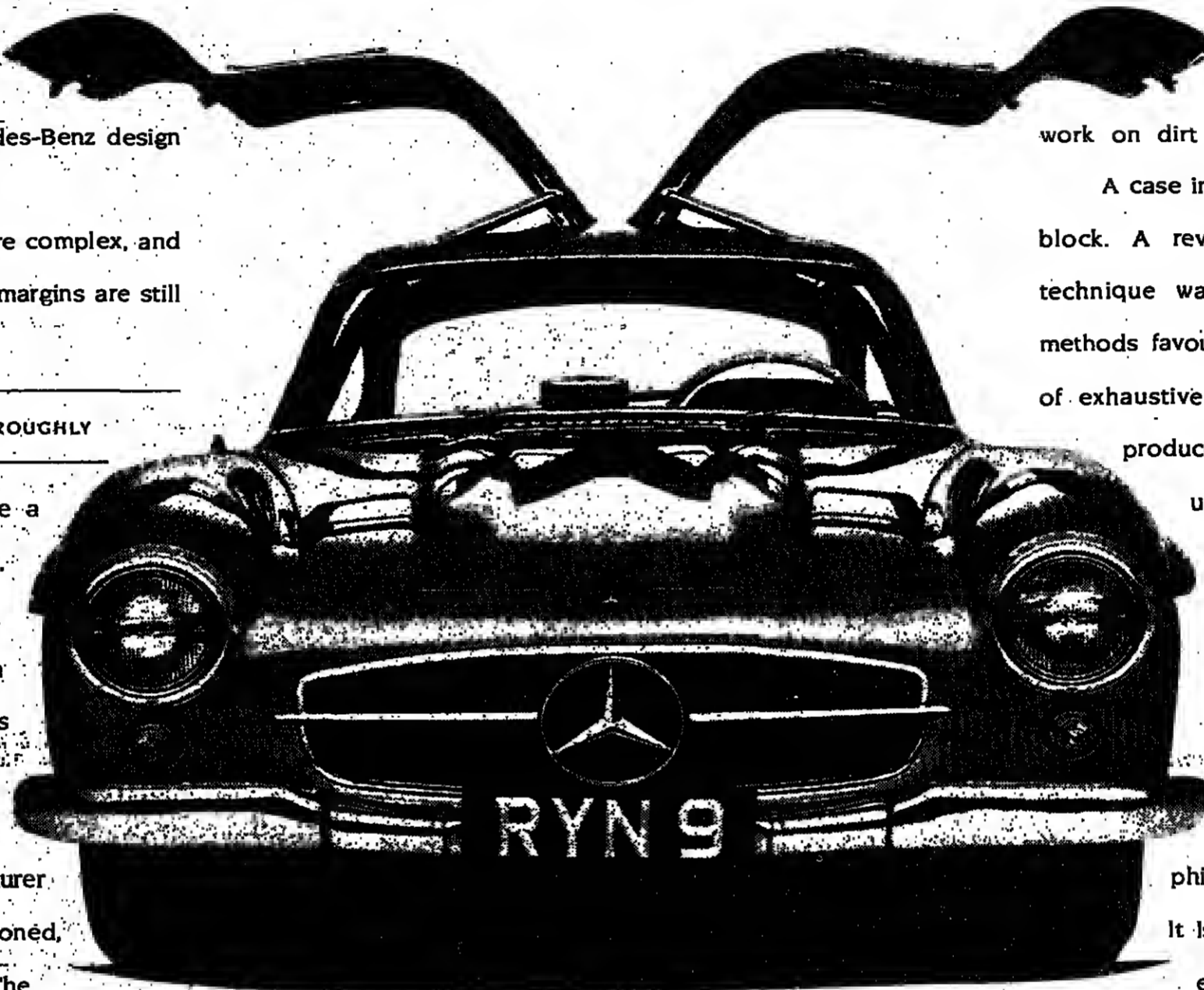
You could be excused for thinking, these days, that robotics has taken over the industry. Not so at Mercedes-Benz where the skills and seasoned discrimination of 50,000 craftsmen complement mechanical precision. Robots work more quickly and to a higher degree of accuracy than is humanly possible. But that is only half the story. There is no substitute for the eye of the craftsman. Choosing the right grain of wood; selecting and matching the fine leather hides; ensuring every important body weld is smooth enough for the paint shop: none of these tasks can be entrusted to a mere robot.



TOMORROW'S CLASSIC?

Mercedes-Benz

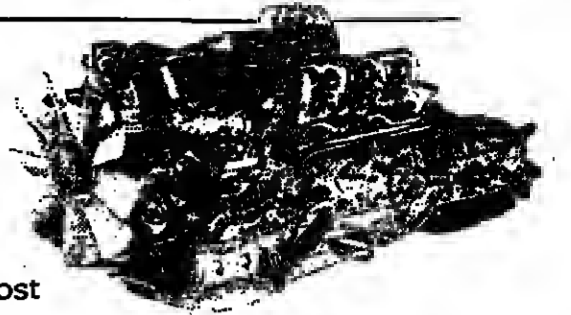
don't build cars the way they used to



ENGINEERED LIKE NO OTHER CAR IN THE WORLD.

THEY BUILD LONGER-LASTING ENGINES

Today's exemplary Mercedes-Benz engines incorporate some of the most advanced powerplant



THE WORLD'S MOST ADVANCED LIGHT ALLOY V-8

technology in production. In four, five, six or eight cylinder configurations there are none more mechanically refined or trustworthy. Durability testing, to destruction, over years of development, has forged petrol and diesel plants of unmatched reliability and smoothness. Every Mercedes-Benz engine brings to its customer a heritage of literally millions of miles of punishing work on dirt roads, motorways and test beds.

A case in point is the light-alloy V-8 engine block. A revolutionary low pressure casting technique was chosen over more traditional methods favoured by other manufacturers. Years of exhaustive research and development have produced a non-ferrous alloy block of uniform density, with silicon crystal cylinder linings, that matches the strength and longevity of cast iron - but is up to 40lbs lighter.

THEY LEAVE NO STONE UNTURNED

The Mercedes-Benz production philosophy tolerates no compromise. It is an approach to car building that embraces every single discipline. Thoroughness and quality control vigilance, above all else, ensure that every car is fit and ready to satisfy the most discriminating customer.

A small example: even when a computer has decided that exactly the right amount of wax solution has been injected into body section cavities to ensure anti-corrosion protection, an inspector double-checks the wax application by inserting a specially designed endoscope into the most seemingly inaccessible crevices. And only Mercedes-Benz, surely, uses ground walnut husk powder and oil as a mild abrasive with which to clean and polish the interior of newly machined gearbox casings.



NOT YOUR CONVENTIONAL NUT AND BOLT.

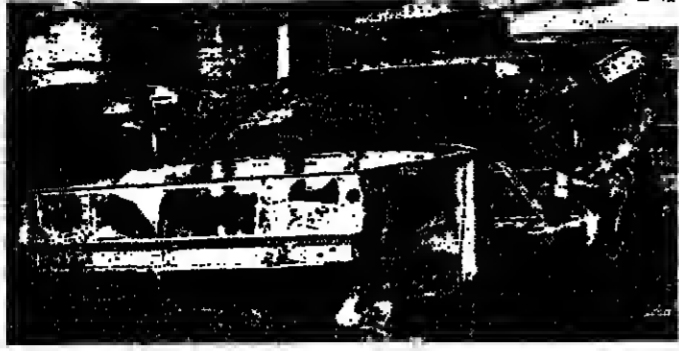
Undeniably, today's Mercedes-Benz is indeed a more complex car, an even more thoroughly engineered and innovatively designed car, than its predecessors, but it is also reassuringly safer, more practical, less demanding to own and easier to drive, than ever before.

MOTOR INDUSTRY 8

The two top manufacturers stage a recovery

A French renaissance

IT HAS been a golden year for the French car industry. Sales have been buoyant and profits have been flowing in the coffers of the car manufacturers.



Renault: back in the black last year

New registrations this year are expected to top last year's record of 2,105,000 cars and rise to around 2,150,000 or perhaps even more.

It is a dramatic contrast to the situation of barely four or five years ago. The French car industry was then on the edge of a precipice.

Peugeot first led the way with a draconian restructuring of its Peugeot and Citroen workforces and the integration and modernisation of its industrial plants.

Mr Calvet would now like to see production capacity grow to 2.3m cars during the next two years and 2.5m cars over the next four years.

Helped in part by the recovery of the French and European car markets, Renault returned in the black last year with a profit of FF3.7bn after accumulating more than FF2.5bn in losses the three previous years.

Mr Besse launched a sweeping restructuring programme, cutting back the workforce of a group which had always been a "social model" of state enterprise in France.

pany out of its costly US investment in American Motors by selling Renault's controlling stake in AMC to Chrysler.

Mr Roger Fauroux, the French industry minister, has thus launched a new round of negotiations with the Brussels authorities to secure their approval for a modified Renault debt plan which would not involve a change in the company's status.

With a dice apparently loaded against him, Mr Calvet engineered one of the most spectacular financial and industrial recoveries in post-war France.

ties pledged not to support financially in the future the state car group.

The new Socialist government has now confirmed the debt relief plan and its wish to see Renault operate like any other "normal" company.

Mr Roger Fauroux, the French industry minister, has thus launched a new round of negotiations with the Brussels authorities to secure their approval for a modified Renault debt plan which would not involve a change in the company's status.

Mr Calvet was called in by the Peugeot family in 1982 to help rescue the car group battered by the difficulties of both absorbing Chrysler's European operations acquired three years earlier and the industry recession in general.

MR JACQUES Calvet, the outspoken and combative chairman of France's Peugeot-Citroen car group, has set himself an ambitious challenge - to make the private group No 1 in Europe both in terms of car sales and profitability over the next four to five years.

A few years ago, it would have been difficult to imagine Mr Calvet speaking so confidently about Peugeot's ambitions of becoming the leader of the European car industry.

Mr Calvet himself had no direct experience of the car industry. After a distinguished career as a civil servant, he was "directeur de cabinet" when the former French President Valéry Giscard d'Estaing was Finance Minister between 1970-1974.

Mr Calvet followed up the restructuring at Peugeot with an equally sweeping reshaping of the group's Citroen subsidiary. Productivity was sharply improved, the group's industrial network in France, Spain and the UK was better integrated, plants were modernised, and the group launched a series of successful models which helped it return to the forefront of the European car industry.

After accumulating more than FF18bn in losses between 1981-84, Mr Calvet steered Peugeot back in the black in 1985 with earnings of FF4.6bn and profits of FF1.6bn the following year.

PROFILE: JACQUES CALVET Peugeot aims high



Jacques Calvet, Peugeot-Citroen chairman: the 205 supermini has been a commercial success

French industry to make it internationally competitive.

Mr Calvet followed up the restructuring at Peugeot with an equally sweeping reshaping of the group's Citroen subsidiary.

Mr Calvet is now seeking to instil his deep personal involvement in the affairs and future of his car group throughout the ranks of the company.

port to restructure its debt burdened balance sheet.

Mr Calvet's combative stance on key public issues often appears to have paid off. Last summer he persuaded the French government to revise its position on European emission controls to safeguard the interests of small and medium sized vehicle manufacturers.

Mr Calvet now plans to consolidate the Peugeot 205 supermini and of the Citroen BX medium saloon has made a major contribution to the financial recovery and the revival of the image of Peugeot during the last few years.

than FF1.8bn by the end of this year.

The group's strategy is also based on a regular renewal of its Peugeot and Citroen model ranges based on four basic categories (mini, small/medium, medium, and large) for Peugeot and Citroen respectively with the two marques maintaining their own specific characters, style and autonomy.

Mr Calvet appears confident of the future. At the recent Paris motor show, he told a crowded press gathering: "I truly believe that Peugeot SA is establishing itself as a permanent contender in the automobile industry."

Not everyone is going to like the way our Prima Turbo Diesel performs.



Service stations are not going to be very happy with us. The Perkins Prima engine in the new Montego Turbo Diesel takes this car a long way between fuel stops. And a very long way between services.

Sweden's two big car makers put pressure on their government

Fighting off the Japanese

THE JAPANESE car threat reached the shores of Sweden this year and the two big home-grown companies - Volvo and Saab - were so alarmed that they applied pressure on the Swedish government to try and secure some limitation on the level of Japanese car imports.

In August Japan's auto makers agreed that they could observe a voluntary agreed limit on the number of their cars entering Sweden in response to a request from Japan's powerful Ministry of International Trade and Industry.

However, it is going to take some time before the agreement will make much difference to the level of Japanese car imports into Sweden.

The latest figures on new car registrations in Sweden for September help to explain why there is such official concern in a country that has traditionally taken a very open liberal attitude to foreign imports of manufactured goods.

The arrival of Japanese car competition in Sweden has been sudden and dramatic. Three years ago Japan enjoyed only 15 per cent of the market's total share and Volvo and Saab between them had just over a third.



Volvo's car plant at Torshälla, near Gothenburg, where the 740 and 240 series are produced

market remains the biggest for Saab and Volvo and the companies can be expected to make a determined effort to hold their own despite the difficulties which they share with other foreign car manufacturers.

However, western Europe looks increasingly likely to become a much more important area for both of them over the next few years than it has been in the past.

The business strength of Volvo and Saab at the moment owes perhaps more to their export successes with their trucks and buses as it does to their motor cars but both companies are working at full capacity in auto manufacture.

Sweden's auto industry looks increasingly sensible, drawing advantage from the industry's international reputation for reliable but high cost products.

Yet the growth in Green power in Sweden has not diminished the desire of Swedes to be car owners.

Prospects for 1989 look equally good at the moment, though these could change. Certainly neither Volvo nor Saab is expressing any worries at the moment about the immediate future of their product range.

For its part, Saab launched itself into the executive car market six years ago with the introduction of the 9000 series.

Sweden's auto industry looks increasingly sensible, drawing advantage from the industry's international reputation for reliable but high cost products.

Prospects for 1989 look equally good at the moment, though these could change. Certainly neither Volvo nor Saab is expressing any worries at the moment about the immediate future of their product range.



Robert Taylor

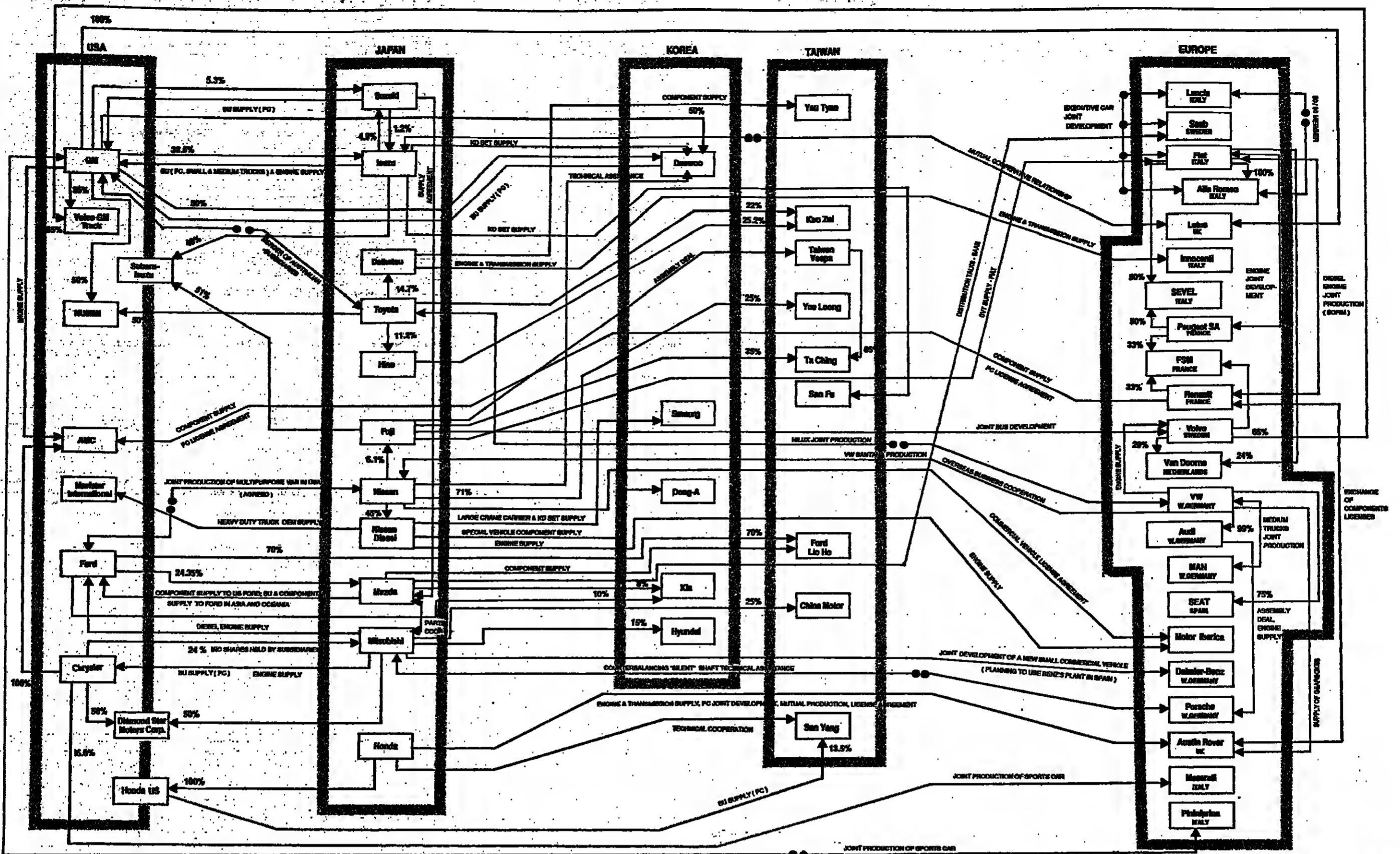
MOTOR INDUSTRY 9

World auto manufacturers: capital and operational relationships, June 1988

FINANCIAL TIMES MOTOR INDUSTRY SURVEY 1988

Major links only. Complex actions are now taken by partners, the trend being to ad hoc flows of capital and components and increasing cooperation

% = equity holdings in the direction of the arrow



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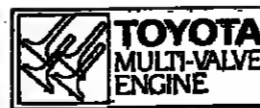
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MOTOR INDUSTRY 13

China: Lynne Curry on a sector spurred by buoyant demand
Courting foreign investors



Production line at the Shanghai VW joint venture plant

SPURRED BY growing consumer demand, China has adopted an ambitious strategy to expand its domestic automobile industry and become a major exporter to the world market.
The proportion of cars in total motor vehicle output will rise from this year's 5 per cent to 40 per cent by the end of this century, said Chen Zetao, chairman of the China National Automotive Corporation (CNAC), talking recently to the official Xinhua News Agency.

in Shanghai being operated in partnership with Volkswagen. By the year 2000, these factories, between them, hope to produce 700,000 cars annually, CNAC's Mr Chen told Xinhua. All three plants are intended to have joint ventures with foreign partners, with the aim of eventually becoming major international car manufacturers.
'Only by joining up with outside technology are the Chinese able to pull off launches and the development of new products,' said one industry source.

the Santana VW, producing about 10,400 last year with 15,000 scheduled for this year and 150,000 cars a year by the mid-1990s.
In addition, Peugeot of France and Chrysler from the US are involved in joint venture products. But observers say they are unlikely to receive large amounts of state funding.
The Beijing Automobile Works is trying Chrysler Corporation to expand its investment in the joint venture, the first eight months of the year, giving a 13 per cent share of the market. Second place goes to the Peugeot 504 with 10,000 sold, and third to the Fiat Spazio, with 8,000 sales.

Peking Jeep Corporation, and recently sent a delegation, accompanied by other government officials, to the US to discuss the issue.
Chrysler and the Chinese jointly produce about 4,500 Cherokee jeeps and approximately 26,000 more conventional jeeps each year. The factory hopes to step up its production to about 100,000 vehicles a year by the mid-1990s.

Although Japanese cars, especially Toyotas, dominate the roads in China, a reported reluctance to part with sophisticated technology has discouraged the Japanese from investing in the Chinese passenger car industry. The only exception is the Tianjin-based plant which jointly produces the Japanese Daihatsu van.

and of which 1,500 have been made since 1988, is being updated and its output expanded - as is the old-fashioned Shanghai sedan.
For most foreign car makers in China, obtaining high quality locally-made components is a critical stumbling block to expanding production. This problem is further exacerbated by the requirement that joint ventures gradually increase the amount of domestically made components each year.

Despite the difficulties, some smaller, more flexible market-oriented Chinese car manufacturers, inspired by South Korea, are actively exploring how to increase their capital, productivity, and export capability, analysts say. One light truck and sedan maker located in north-eastern China, the Shenyang Gold Cup automobile works, has sold several hundred thousand shares denominated in renminbi and is said to be discussing how to float a \$4m share issue targeted at foreigners.

visions and acquire the necessary components.
So difficult is it to find high quality Chinese parts that the People's Liberation Army reportedly sends its own team to inspect parts purchased for military vehicles.
Poor roads, insufficient gas stations, and shortages of raw materials, especially steel, are further obstacles to expanding production.

However, according to some industry sources, these smaller organizations lack the financing, skilled manpower, and consistent quality to expand internationally.

China's determination to build up its own industry is reflected in its protectionist import regulations. To encourage the development of its domestic industry and prevent Chinese organizations from spending hard currency on foreign cars - a practice that led to major scandals just three years ago - Peking has imposed stiff penalties on imported automobiles. Tariffs on all foreign cars are high, ranging between 120 and 160 per cent of the purchase price.

Despite the high duties, demand continues to soar, primarily from Chinese companies, and cars - even domestically manufactured - are far too expensive for most individuals. With a recent call by CNAC for even tighter import regulations, imports are likely to remain tightly controlled, but until local production reaches the government's ambitious long term target levels, demand for imported cars is unlikely to be slatched.

ARGENTINA'S domestic oriented vehicle manufacturing industry is experiencing a severe economic recession. Sales slumps and layoffs are the most immediate manifestations of its difficulties but there are few signs of an upturn in the near future.
The industry's stagnation reflects, and is part of, an overall gloomy picture for Argentina at the moment, and compares very unfavorably with the situation in the country's large neighbour, Brazil.
The Argentine industry has insignificant exports. In the first 7 months of this year, only 444 vehicles were exported, or less than 1 per cent of total volume. Imports are an equally tiny proportion, due to prohibitive duties.
Yet in world terms, Argentina is a relatively developed automobile-using nation with, in 1986, 5.7 people for every car on the road, which puts the country 17th in the international league table.

ARGENTINA
A stagnant sector
economy generally - has a long way to go before it returns to the relatively rich days of the mid 1970s. Between 1969 and 1980 total annual sales were well over the 200,000 mark, since 1980 that figure has dropped to an average 150,000. Since the 1970s production has dropped by 40 per cent. 1974 was the record year with 322,410 vehicles leaving the factory gates. Up to September 1988 sales had declined by 65 per cent in comparison with the same period for 1987. Manufacturers had a total of 2,100 unsold vehicles in stock in August this year, with a market value of US\$18m.
The Argentine car manufacturer faces considerable odds on several fronts. A car is expensive relative to disposable income for the average

Argentina, with the basic Renault 12 model retailing at around \$5,000. For middle and lower income groups, currently struggling to make ends meet, it is a luxury item. Fuel costs are now relatively high and take a greater slice out of the average domestic budget than in the US.
In contrast, manufacturers have traditionally geared themselves to serving a relatively affluent population, producing large gas-guzzlers without too much concern for national average purchasing power. Low sales volume, high raw material costs, high taxes, the high cost of capital and, above all, the shrinking purchasing power of consumers have all led to a slump in the market.
These factors have also discouraged major investment in

automation; a number of plants operate with equipment far surpassed by international competitors.
Market share is roughly divided three ways, between Renault, Autolatina and Sevel. Together, they dominate 95 per cent of sales, with smaller companies competing for the remaining 5 per cent. Autolatina, a merger of Ford and Volkswagen, hopes to achieve increased sales to neighbouring Brazil by concentrating on production of upper-range models. Renault and Sevel (which makes Fiats and Peugeots under licence), are placing their hopes on building and selling smaller and more economic cars than Autolatina.
This year the Renault 12 is by far the largest seller, with more than 13,000 sold in the

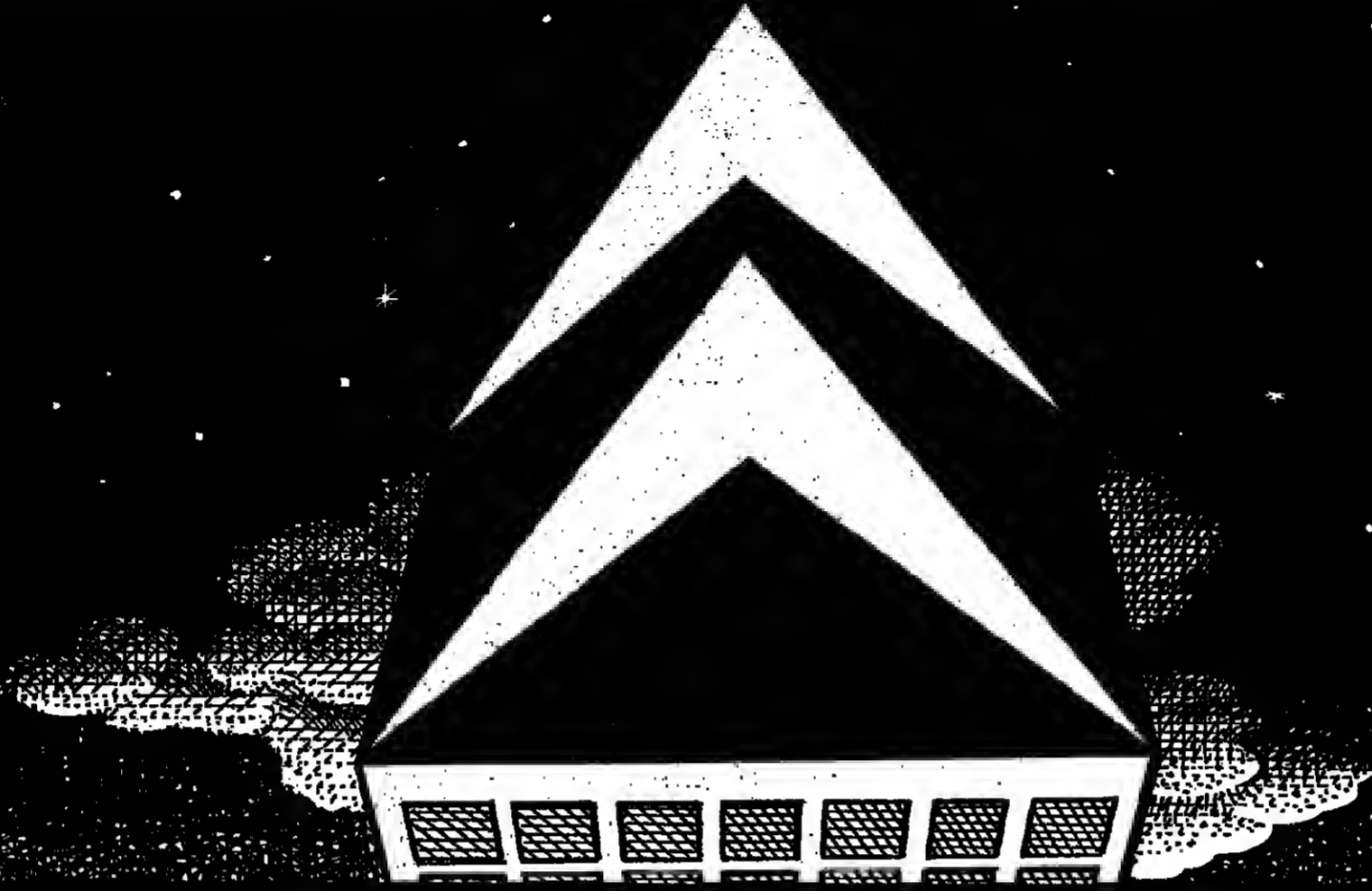
World car production forecasts
Figures in '000s
Table with columns for years 1987-1993 and rows for Western Europe, North America, and World Total.

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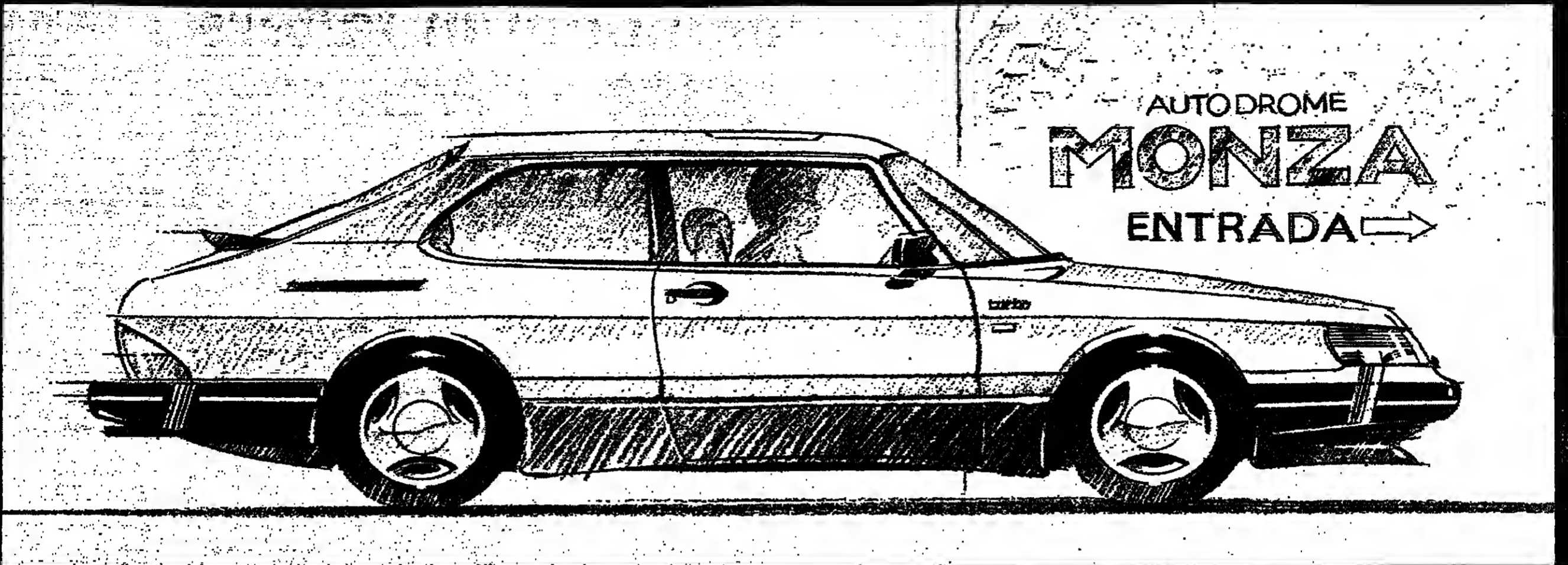
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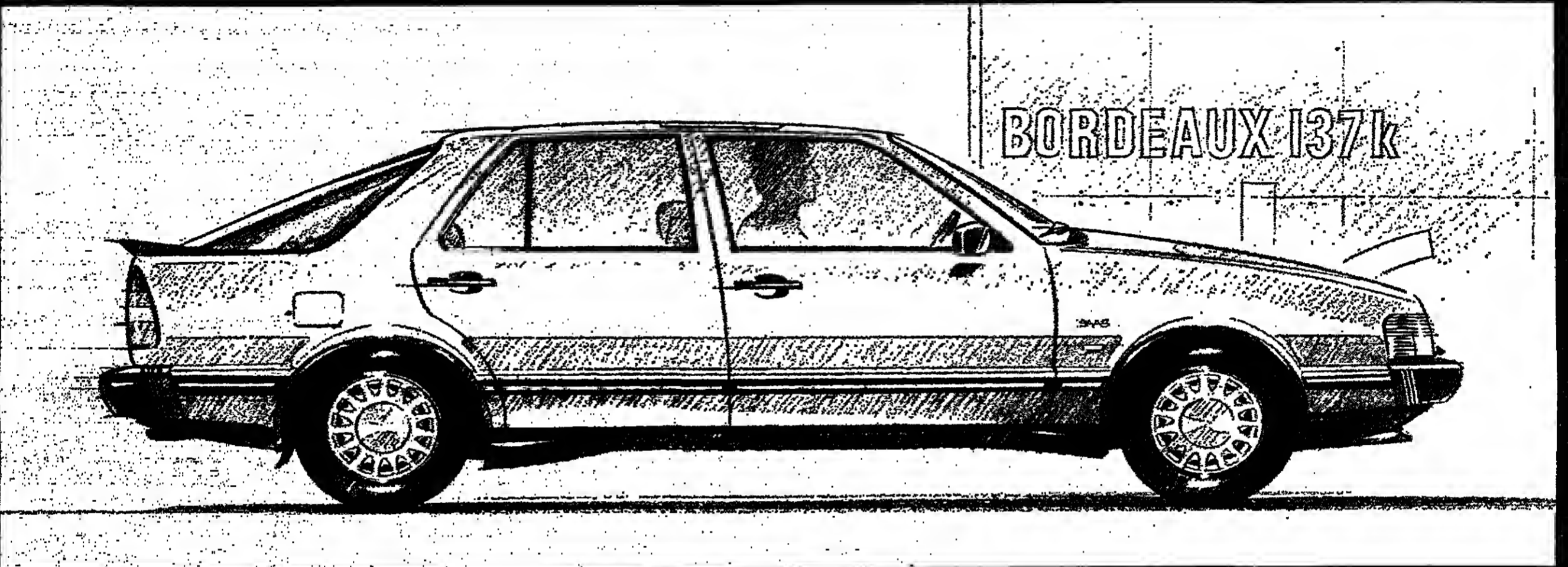
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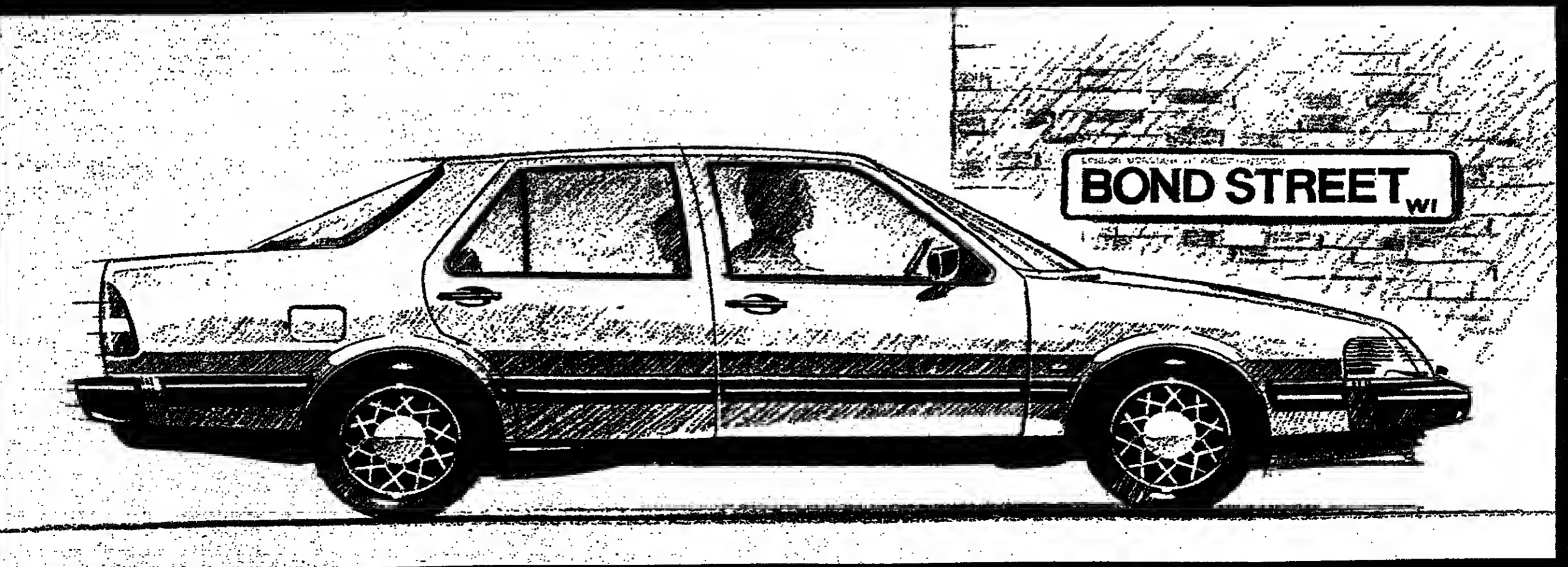
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INTERNATIONAL COMPANIES AND FINANCE

Bankers Trust increases third-quarter earnings

By Anatole Kaletsky in New York

BANKERS TRUST, the sixth largest US bank, whose earnings in the past year have been dominated by large swings in currency and securities trading profits, made net profits of \$162.1m or \$2.01 a share in the third quarter.

Manufacturers Hanover ahead

By Robert Vincent in New York

A 50-per cent increase in third-quarter earnings is reported by Manufacturers Hanover, which owns New York's fourth largest bank, reflecting lower operating expenses and higher earnings from several core businesses.

Strong performance by AMR

By Roderick Oram in New York

AMR, parent company of American Airlines, the second largest US domestic carrier, yesterday reported another big jump in profits and revenues.

Downturn at Allied Signal

By Robert Vincent in New York

ALLIED SIGNAL, the US industrial conglomerate, yesterday moved net income of \$119m for the third quarter and said that its cost-cutting programme was starting to show results.

Phelps Dodge doubles income

By James Buchan in New York

PHELPS DODGE, the big Arizona copper producer which is profiting from high prices for the metal, yesterday reported \$94.3m in third-quarter net income, a near doubling of its profits from the 1987 September quarter.

Uranium sanctions hit Gencor

By Jim Jones in Johannesburg

URANIUM HAS emerged as a problem for yet another of South Africa's mining houses reporting on the September results of managed gold mines.

Table with 4 columns: Gold produced (kg), After-tax profit (\$m), Earnings per share (cents), and % change. Rows include Bushveld, Bhebe, Grootevlei, etc.

Record returns from Dow Chemical

By James Buchan in New York

DOW CHEMICAL, the largest producer of bulk chemicals in the US, maintained its strong momentum throughout the summer with record sales and earnings in the September quarter.

Record returns from Dow Chemical

By James Buchan in New York

Dow said its US sales were 26 per cent higher than in the 1987 third quarter, with a 14 per cent gain in Europe and a 31 per cent rise elsewhere, with particular strength in Canada and the Pacific.

Shearson reports big fall

By Anatole Kaletsky in New York

SHEARSON LEHMAN Hutton, the big Wall Street brokerage firm majority owned by American Express, reported a big drop in earnings during the third quarter, continuing a string of disappointing results from US brokers and investment banks.

Amex in \$118m deal

By Kenneth Gooding, Mining Correspondent

AMAX, the US natural resources group, has paid \$118m for SPG Exploration Corporation of San Antonio, Texas, which has estimated reserves of 130m cu ft of natural gas and 6.2m barrels of crude oil.

COMPUTER GROUPS DISCUSS SINGLE 'OPEN' STANDARD Move to resolve software conflict

By Louise Kehoe in San Francisco

SENIOR EXECUTIVES from some of the world's largest computer companies will meet tomorrow for a last ditch attempt to resolve a conflict over software that has engulfed the entire industry and threatens to prevent the development of a single 'open' standard to enable all types of computers to 'talk' to one another.

Publisher blocks state's media sell-off plans

By Canute James in Kingston

THE JAMAICAN Government's efforts to divest parts of the state-owned electronic media have been delayed by a writ filed in the Supreme Court by the island's largest publishing company, which has been denied a chance to buy into the radio and television services.

Apple and Microsoft lift sales and profits

By Louise Kehoe in San Francisco

APPLE COMPUTER and Microsoft, two of the largest companies in the personal computer industry, both reported strong growth in sales and earnings yesterday, tempering concerns that the US personal computer market may be heading towards a major slowdown.

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INTERNATIONAL COMPANIES AND FINANCE

Panel moves on Smith New Court

By Nikki Tait in London

THE UK Takeover Panel, the City of London's watchdog on bid and deals, has stripped Smith New Court, the British stockbroking and market-making firm, of "exempt market-making status" for three months.

The Panel's decision has been made in the light of two breaches of Rule 38.1 of the Takeover Code by SNC earlier this month during the bid battle between Tarmac and Baine Industries for Ruberoid. Rule 38.1 states that an exempt market-maker connected with either bidder or target company must not carry out dealings with purpose of assisting that company.

Although breaches of another section of Rule 38 have come to light in the past 18 months - in the Peachey/EPIC bid and Heyworth Ceramic/Brimid Quilcast - the parties

involved were only rapped by the Panel and required to take corrective action. This is the first time the Panel has taken the harsher sanction of suspending exempt status. SNC is corporate broker to Ruberoid, a roofing materials group which is currently facing both a recommended bid from building company Tarmac, and a hostile approach from housebuilder Baine. The breaches concern the non-sale of shares in Ruberoid by SNC's market-making arm to Hoare Govett, acting for Baine, and the subsequent sale of the same shares to a broker acting for Tarmac.

The Panel has already required SNC to repair the damage by buying a similar block of shares in the market and selling them on to Baine at its cash alternative offer price. Since this was lower than the market price, SNC stands to make a loss - put at over \$50,000 (\$105m) - on the enforced deal.

According to the Panel's statement yesterday, the first breach occurred at the beginning of September. The SNC

market maker held a long position in Ruberoid of about 1m shares (about 2 per cent of the equity), which he contemplated selling. Hoare Govett was identified as a probable purchaser but an unnamed senior SNC director responsible for equity market-making advised against this because it could reflect on the firm's corporate broking role at Ruberoid.

A few days later, the broking team was informed of the market-maker's wish to cut his holding. The broker warned Ruberoid that a block of shares were being offered for sale and that the shares were purchased by a broker who it later transpired was acting for Tarmac. Tarmac, which went on to announce a bid for Ruberoid, was apparently unaware of the source of the shares, and SNC of the identity of the purchaser.

The purpose of exempt status, which is granted by the Panel, is to allow the market-making element of an integrated securities house to continue operating independently

of its corporate finance arm in bid situations.

Although the Panel says it received full co-operation from SNC, it concluded that the case "demonstrated inexperience and incompetence on the part of a number of people with SNC in an area which is of the utmost importance to the integrity of the market".

SNC said that the breaches resulted from "inadequate internal procedures", and adds that these have already been strengthened. The firm, formerly a jobbing business, has only built up a corporate advisory side in the past 18 months, where it now employs about 15 people and reckons to have about 26 clients.

"Although it is impossible to predict the number of takeover offers involving SNC's clients over the next three months, it is likely to be small," says the firm. It stressed that other than in possible bid situations involving these clients, its market-making, agency and corporate finance activities would be unaffected. See Page 28

Degussa buys three carbon black plants

By David Goodhart in Bonn

DEGUSSA, the West German precious metals and chemicals company, has acquired the three carbon black plants of Ashland Oil of the US for \$8.8m making it the second largest producer of carbon black in the world.

Carbon black is used in the manufacture of car tyres and other rubber products and is also used as pigmentation in ink and print.

The deal, which has to be approved by US anti-trust authorities, increases the number of Degussa's carbon plants from seven to 10 and raises world capacity from 520,000 tonnes per annum to 720,000 tonnes per annum, according to the company.

The three US plants - in Louisiana, Texas and Ohio - had turnover of \$70m last year. They concentrate on carbon products for the rubber indus-

try but Degussa proposes to extend production to include pigment for printing inks, plastics and paints.

Degussa established a major presence in the carbon black industry when it acquired five European plants from the Phillips Petroleum Company in 1996. It has long been the leading supplier of precipitated silicas and organosilanes to the rubber industry. The company recently built a new organosilanes plant in Mobile, Alabama.

Degussa last year reported after-tax profit up nearly 5 per cent to DM120m (\$66m) on turnover of DM 11.7bn. At the interim stage, it said: "In view of the high volume demand for our products, it is estimated that results for the complete 1987-88 business year will surpass those of the previous year."

Groupe AG expects earnings to advance

By David Goodhart in Brussels

GRUPE AG, Belgium's largest insurance company, expects net profit for 1988 to be higher than the BFR2,35bn (\$22m) earned in 1987, AP-DJ reports from Brussels.

The company also forecast that it would increase its dividend to shareholders on 1988 earnings. In 1987, Groupe AG's net payout on ordinary shares amounted to BFR115 per share, up 9.5 per cent from the previous year.

The company did not give profit figures for the first half of 1988 but revealed that premium income totalled BFR17.7bn in the first half, up

3.2 per cent from the corresponding year-earlier period. Premium income was expected to rise about 5 per cent over the whole year compared with 1987, AG said.

Income from financial operations rose 6.9 per cent in the first half from a year earlier. AG did not give figures. It said that the rise was due mainly to "important growth" in revenue from investments in Belgian shares.

Net gains from sales of securities totalled BFR2.5bn in the first half, down slightly from BFR2.6 bn a year earlier.

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INTERNATIONAL COMPANIES AND FINANCE

Bond Corp debts swell to A\$7bn

By Chris Sherwell in Sydney

DEBTS OF Bond Corporation, Mr Alan Bond's flagship company, have swollen to more than A\$7bn (US\$5.7bn), and stand at more than A\$8.5bn if debts are included of the recently acquired Bell Group...



Alan Bond: A\$2bn from Bell asset sales this year...

But Bond, which has interests in brewing, media and property and is now one of Australia's largest companies, said it had already taken steps to bring down the debt through sales of Bell Group assets...

Regarding its oil and coal activities, Mr Bond said the group was reviewing these "to look for an opportunity that will enable us to become a major participant in both production and downstream operations..."

prime properties in prestige areas of the world's major cities, he said, and the group already had such properties in London and Rome.

On the media front, Mr Bond said the Government's legislation preventing media cross-ownership meant the group, which now owns the West Australian, Perth's only morning daily newspaper...

There was no mention of two legal actions involving the Bond group in Sydney. One, before the Broadcasting Tribunal, is an inquiry into its fitness to hold a broadcasting licence following an out-of-court defamation payment of A\$400,000 to former Queensland premier, Sir Joh Bjelke-Petersen in 1982.

Mr Bond had recently discussed the establishment of a brewing operation in China, and he lauded the multi-brand strategy which distinguishes the group from arch-rival Elders Ltd...

Holmes à Court resurfaces with anniversary bid

By Our Financial Staff

MR ROBERT HOLMES à Court, a big loser in the October 1987 stock market crash, has resurfaced with a bid for an Australian agricultural company...

subject to an 88 cent a share bid from Elders, the brewing and pastoral products concern.

Mr Federman is expected to divide his time between his office at the Paris headquarters of the IHA and Tel Aviv where he is currently vice-chairman of the board of directors of Dan Hotels Corporation, Israel's leading chain.

Government sets NTT issue price at Y1.9m a share

By Mitsuho Nakamoto in Tokyo

SHARES OF Nippon Telegraph & Telephone, the world's biggest company by market value, danced teasingly up and down on the Tokyo Stock Exchange yesterday as investors waited for the price to be struck for the latest tranche of equity being sold by the Japanese Government.

to bring the sale, which will raise Y2,850bn (322.4bn) for the Japanese treasury, to a successful conclusion.

be sold today and tomorrow by 200 foreign houses, including 40 foreign firms, although in practice orders for all of them have already been received.

first but last week, when the share price dipped below Y2m, there was a rush of orders and the brokers were able to declare the issue a success.

NOTICE OF REDEMPTION THE KINGDOM OF DENMARK Floating Rate Notes 1998

Nationwide Anglia Building Society Subordinated Floating Rate Notes due July 1998

Die Erste österreichische Spar-Casse-Bank US\$40,000,000 Subordinated Floating Rate Notes Due 1992

LANDESBANK RHEINLAND-PFALZ NOTICE OF ADJOURNED MEETING of the holders of Landesbank Rheinland-Pfalz - Girozentrale - A\$ 40,000,000 14% per cent. Notes due 1990

LANDESBANK RHEINLAND-PFALZ NOTICE OF ADJOURNED MEETING of the holders of Landesbank Rheinland-Pfalz - Girozentrale - A\$ 40,000,000 14 per cent. Notes due 1991

LANDESBANK RHEINLAND-PFALZ NOTICE OF ADJOURNED MEETING of the holders of Landesbank Rheinland-Pfalz - Girozentrale - Can. \$ 50,000,000 9% per cent. Notes due 1991

LANDESBANK RHEINLAND-PFALZ NOTICE OF ADJOURNED MEETING of the holders of Landesbank Rheinland-Pfalz - Girozentrale - A\$ 30,000,000 13 per cent. Notes due 1989

Handwritten note: "J. P. Morgan" and page number "27"

Tokyo rallies as interest rates nudged lower

By Stephen Fidler in London and Robert Vincent in New York. THE JAPANESE government bond market enjoyed a broad-based rally yesterday as the Bank of Japan nudged short-term interest rates lower in the face of dollar weakness.

The Bank of Japan conducted a purchase operation of three-month certificates of deposit at 4.60 per cent as issues were trading in the market at 4.65 per cent. The rate is particularly important for the benchmark bond because many holders fund themselves through the issue of three-month CDs, the rate on which this often acts as a floor for bond yields.

The yield on the benchmark No. 105 bond, with a 5 per cent coupon and maturing in December 1997 - finished in London around 4.69 per cent, down 7 basis points on the day. Other issues also rallied more than usual partly because of renewed speculation that there could be a change quite soon in the benchmark bond. A prime candidate for its replacement - the No. 111 issue which carries a 4.8 per cent coupon and matures in June 1989 - showed a 13 basis point drop in yield, finishing at 5.20 per cent.

Swiss bankers warn on duties

By William Dullforce in Geneva. THE BIG Swiss banks will be forced to move their operations abroad if stamp duties on securities transactions are not removed and if capital adequacy requirements are not brought into line with those applied by the European Community, Credit Suisse's top executives warned yesterday.

A rapid revision of legislation was required, said Mr Robert Jeker, president of the executive board. Mr Hans-Jörg Endhoff, an executive board member, warned that a bank operating on a global capital market had to seek "the cheapest place of execution". Switzerland imposes a wider range of stamp duties than any EC country, Luxembourg has none. Belgium has abolished its securities sales tax for foreigners, and West Germany is thinking of doing away with its own version, Credit Suisse said.

Some of the capital requirements applied to Swiss banks were prohibitive by international comparison. Assuming that the rules for the coming EC single market would be based on the proposals made by the Cooke committee in the Bank for International Settlements, Swiss banks would be burdened by higher capital requirements for all foreign dealings.

The present capital ratios applied to forward foreign exchange transactions and to holdings with other banks were particularly harsh for Swiss banks, Mr Jeker said. Swiss banks have refused to repeal stamp duties until he is offered an alternative source of tax revenue.

Mr Endhoff said Swiss franc bonds still received the second largest contribution after dollar bonds.

History lesson for lenders and defaulters

Stephen Fidler draws parallels between a debt crisis in the 1930s and one of today. "The Brazilians knew they had no credit and they thought therefore that they might as well cease payments on their external debt. There were many people who wished to devote sums now used to pay interest to the internal needs of the country and they were exerting strong pressure on the President and the Finance Minister to cease payments."

To those who have followed the debt crisis since it broke in 1982, this statement from a senior Brazilian banker in Brazil was a familiar ring. Yet it was made not in 1982, ahead of the Brazilian moratorium on foreign debt of February 1987, but in October 1988.

The Latin American debt crisis of the 1980s has many parallels with that of half a century earlier. But there were also significant differences, the most important being the contrast in lenders to the potentially defaulting debtors.

In the 1930s, the lenders which stood to lose most were commercial banks; 50 years earlier, it had been investors in bonds which had faced default. It now widely argued that the main reason for the success of floating interest rates is a singularly inappropriate method of financing development, and that fixed-rate bond finance, project and trade credits and equity investment are more apt.

Furthermore, it is also often suggested that the crisis in the 1980s has been protracted by the intervention of western governments, worried about the potential for debtors to destabilise the international banking system - a problem for which there was no parallel in the 1930s.

The argument suggests that because western governments were able to default in the 1930s, allowing a sharp restructuring which cleared up much of their debt burden. In the 1980s, by contrast, western governments managed the crisis in order to maintain debt servicing and shore up the banking system, a move which prevented debtor countries from putting the crisis behind them.

A new study, 'Settling Defaults in the Era of Bond Finance', published by the Centre for Economic Policy Research, however, concludes that this view should be strongly qualified. Debt adjustments arising from default in the 1930s, in fact, took up to 25 years to complete.

The authors, Barry Richardson of the University of California, Berkeley, and Richard

US exchanges introduce circuit breakers

By Deborah Hargreaves in Chicago. ONE YEAR after the stock market crash, US exchanges will today introduce co-ordinated circuit breakers to halt stock-related trading in any future downturn, following approval by Federal regulators.

The plans by the New York and American stock exchanges and Chicago's futures exchanges link trading halts of equities with those of Chicago's derivative stock index futures to act as shock absorbers in any market debacle.

The circuit breakers, which were developed in response to last October's crash, put a series of trading halts in place when the Dow Jones Industrial Average and related stock index futures fall by a specified number of points.

The first break would be activated to stop trading in both stock and index futures markets for an hour if the Dow declines by 200 points or the Standard & Poor's 500 stock index futures is down by an equivalent 30 points.

A second halt for two hours will occur in both markets if the Dow drops 400 points below the previous day's close. At the same time, trading in stock index futures will also stop once the circuit breakers have been triggered in the futures market.

The exchanges have further set a procedure for re-opening the markets whereby stock index futures will not restart trading until 50 per cent of the value of the stocks in the underlying index have started trading in the stock market.

These co-ordinated circuit breakers provide a much-needed link between New York and Chicago where exchanges operate in a very closely-related market.

The plans should eliminate confusion of the sort that reigned last October 20, when Chicago halted its stock index futures in anticipation of a trading halt on the New York Stock Exchange, which never transpired.

Approval of the plans was initially held up by the New York and American stock exchanges' insistence on similar trading halts being introduced by other domestic exchanges.

This clause has now been dropped, and other US exchanges have yet to formulate plans for their own circuit breakers.

In addition, the CME has its own price limits in place for the S&P 500 index futures. These limit the contract to a five-point move in the first 10 minutes of the market's trading and after that, the exchange imposes a 13-point limit on a price move in either direction for 30 minutes.

The Amsterdam-based European Options Exchange (EOE) has agreed with New York's American Stock Exchange (ASE) "European-Style" changes in the exercise rules for US major market index (XMI) options traded on both exchanges.

From October 24, newly-created XMI options will only be exercisable once they mature, EOE said.

Malaysia drops HK bank from housing bonds

MALAYSIA has dropped the Hongkong and Shanghai Banking Corporation, the only foreign principal dealer, from the housing-mortgage bond market, Reuters reports.

Tan Keng Soon, the general manager of Cagamas, the national mortgage company which issues the bonds, said the decision was made by Bank Negara, the Malaysian central bank, which gave no reasons for the move.

Bankers said the directive from Bank Negara, which owns 20 per cent of Cagamas, was issued last month. Cagamas, set up in 1986, issues bonds to buy housing loans from financial institutions in order to ease their liquidity.

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BENCHMARK GOVERNMENT BONDS table with columns for Country, Coupon, Price, Change, Yield, Week ago, Month ago.

FT-ACTUARIES SHARE INDICES

Table of FT-Actuaries Share Indices for Wednesday October 19, 1988, listing various equity groups and their performance.

FIXED INTEREST

Table of Fixed Interest rates for various maturities and currencies, including UK Gilts and US Treasury.

RISERS AND FALLS YESTERDAY

Table of Risers and Falls Yesterday, listing British Funds, Industrials, and other market sectors.

LONDON RECENT ISSUES

Table of London Recent Issues, listing various companies and their share prices.

FIXED INTEREST STOCKS

Table of Fixed Interest Stocks, listing various bonds and their yields.

RIGHTS OFFERS

Table of Rights Offers, listing companies offering shares and the terms of the offers.

TRADITIONAL OPTIONS

Table of Traditional Options, listing various call and put options.

LONDON TRADED OPTIONS

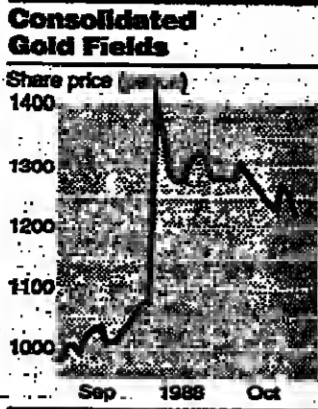
Large table of London Traded Options, detailing various call and put options for different stocks and indices.

UK COMPANY NEWS

Gold Fields in anti-trust suit against Oppenheimer

By James Buchan in New York

CONSOLIDATED Gold Fields, the diversified UK mining group struggling to fight off a \$2.9bn bid from the Oppenheimer family group of South Africa, is seeking to convince the US courts that the Oppenheimers are bent on a monopoly of the world gold market.



Consolidated Gold Fields Share price (pence)

On October 21, a New York court will hear arguments on an aggressive anti-trust suit filed by Gold Fields and three affiliates. It alleges that a takeover would give Mr Harry Oppenheimer's diamond and gold-mining interests control of a third of gold production outside the Communist world.

among state politicians that a takeover could damage its local subsidiaries by putting them under South African control. Independent lawyers in New York said yesterday that Gold Fields must first establish that the court has jurisdiction over the bid, which is for a UK-based company by a Luxembourg company.

Quadrupled profits, £14m rights and £4.3m buy at Sims

By Clare Pearson

SIMS FOOD Group, the USM-quoted meat producer run by Mr Ron Randall, is raising about £14m through a two-for-seven rights issue and is adding Russell Meats to its growing stable of companies.

Hunting Inds up to expectations at £9m

By Vanessa Houlder

A NEAR 26 per cent increase, from £7.15m to £8.97m, in pre-tax profits for the first half of 1988 is announced by Hunting Associated Industries, the defence, electronics and aviation support group.

Hunting Associated Industries

Share price (pence)

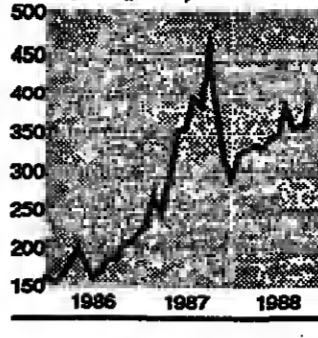


Table titled 'SPONSORED SECURITIES' with columns for High/Low, Company, Price, Change, Div, Yield, and P/E. Lists various securities like 235 185 Am. Brt. Ind. Ord. and 236 186 Am. Brt. Ind. Call.

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Correction Notice and Notice of Early Redemption for Första Sparbanken. Text: 'Notice is hereby given that in accordance with Clause 7(b) of the Terms and Conditions of the Notes, the Issuer will redeem all of the outstanding Notes at their principal amount on 16th November, 1988, when interest on the Notes will cease to accrue.'

Finance Directors, inject cash - sell us your Vehicle Fleet and lease it back! Text: 'Immediate benefits include: On or off balance sheet options, Full range of vehicle management services, With or without capital allowances, Highly competitive rates with no arrangement fees.'

Advertisement for NEDA Limited and Goldman Sachs International Corp. Text: 'NEDA Limited has formed a joint venture with The Imry Merchant Developers Group to develop Ashford Great Park, a proposed 2,000 acre mixed use development in Ashford, Kent.'

Allied Irish affiliate rejects offer

By David Lascelles, Banking Editor

ALLIED IRISH Banks received a setback to its US expansion plans yesterday when First Maryland, its 49 per cent owned affiliate, rejected its offer to buy the remaining 51 per cent.

CWF receives approach to buy A&M holdings

By Philip Coggan

CWF & WESTMINSTER Financial, the corporate finance company run by Mr Andrew Greystoke, said yesterday it had received an approach from a party wishing to purchase its holdings in A&M, the furniture, hire and TV production group.

but it is not anticipated that a general offer would be made for the company. Mr Bryan Flynn, the "company doctor" brought in by CWF, will continue as chairman. A&M lost £2.7m last year and was close to receivership before CWF arranged a £2.5m convertible loan stock issue.

Marler disposes of stake in Zurich Group

By Philip Coggan

MARLER ESTATES has sold its 6.7 per cent stake in Zurich property company Zurich Group to Freehold Trading, a Jersey-based investment company.

Mr Malcolm Wright, chairman of Zurich, and Mr Robert Noonan, chairman of Marler, both said they did not know the identity of the investors behind Freehold Trading. Meanwhile, Mr Andrew Millar, the former chairman of Bankers Holdings, sold a 4.2 per cent stake in Zurich, though he retains an option over the shares.

Delta expansion in Australia

Delta Group, the engineering and electrical equipment company, has acquired Cutting Edges, an Australian supplier of ground engaging tools and earthmoving equipment for \$12m (\$5.6m).

IN BRIEF

CHILDRENS MEDICAL Charity Investment Trust had net asset value of 97.1p at June 30 (115.6p). Net revenue for six months £31,476 (£39,941). Assets Trust reported net asset value of 14.65p at the end of the six months to June 30, against 14.01p at the end of the year to March 31. Gross revenue was £181,000 and pre-tax profit rose from £31,000 to £104,000. After tax of £30,000 (£16,000) earnings per 5p share were 0.1p (0.02p).

OUR OTHER AD IS A FULL PAGE IN THE F.T.

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Klark-Teknik profits for year slip to £976,000

Klark-Teknik, USM-quoted designer and manufacturer of electronic equipment, raised turnover by 17 per cent from £4.49m to £5.25m in the year to July 31. But operating profit was reduced from £1.02m to £976,000.

Cifer goes on the bid trail

By Philip Coggan

Cifer, the USM-quoted electronics company, has made its first acquisition since it announced a reconstruction package in August. It is buying the business and assets of ATS Communications, a communication equipment manufacturer, from the receiver for £768,000 cash.

Delta expansion in Australia

Mr Bill Weinstein, a management consultant, led a consortium which acquired a stake in Cifer as part of a £2.5m recapitalisation package two months ago. Cifer had been struggling since 1984 and is forecasting a net loss of £210,000 this year.

BM sells James Neill stake after failing to agree deal

By Vanessa Houlder

IN A move which did little to quell the bid speculation surrounding James Neill, BM group said yesterday that it had sold its 4.97 per cent holding in the hand and garden tool manufacturer.

PLANTATION TRUST: CDFC

Trust and concert parties have extended offers until November 1. CDFC speaks for 45.5 per cent of the ordinary and 20.7 per cent of the convertible loan stock. YEARNING BONDS totalling £0.5m at 11 1/2 per cent, redeemable on October 25 1989, have been issued by the following local authorities: Tarnworth, Borough Council £0.25m; West Lancashire District Council £0.25m.

After lower interest received of £40,000 (£52,000) pre-tax profit slipped to £578,000 (£1.14m).

Earnings per 5p share came out at 3.9p (4.5p). The directors have recommended a maintained final dividend of 0.8p for an unchanged total of 1.8p. They said the present financial year had started well, though they expected most growth to be achieved in the second half. They intended to seek authority to write-off against the share premium account goodwill arising from the acquisitions of Calco and Midas.

NOTICE TO HOLDERS OF NEC Corporation (Nippon Denki Kabushiki Kaisha) (Formerly Nippon Electric Co., Ltd.) U.S. \$80,000,000 5 1/2 per cent Convertible Bonds Due 1997. Pursuant to the provisions of Condition 5(C) (iii) of the terms and conditions of the above Bonds, you are hereby notified as follows: 1. On 19th October, 1988 NEC Corporation issued Yen 120,000,000,000 convertible debentures, upon conversion of which Shares of the Company will be issued at Yen 1,985 per Share.

NOTICE TO HOLDERS OF NEC Corporation (Nippon Denki Kabushiki Kaisha) U.S. \$150,000,000 2 1/2 per cent Convertible Bonds Due 2000. Pursuant to the provisions of Condition 5(C) (iii) of the terms and conditions of the above Bonds, you are hereby notified as follows: 1. On 19th October, 1988 NEC Corporation issued Yen 120,000,000,000 convertible debentures, upon conversion of which Shares of the Company will be issued at Yen 1,985 per Share.

Advertisement for Northern Rock Building Society. £100,000,000 Floating Rate Notes Due 1995. Interest Rate: 12.125% per annum. Interest Period: 18 October, 1988 to 18 January, 1989. Interest Amount per £5,000 Note due 18.01.89: £152.81. Interest Amount per £50,000 Note due 18.01.89: £1,528.08. Agent Bank: Baring Brothers & Co., Limited.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Abbey Management Ltd, and others, with columns for name, type, and other details.

Table listing unit trusts under the heading 'ASSET UNIT TRUST MANAGERS LTD', including details like 'Asset Unit Trust Manager Ltd' and 'Asset Unit Trust Manager Ltd'.

Table listing unit trusts under the heading 'CIBC UNIT TRUST MANAGERS LTD', including details like 'CIBC Unit Trust Managers Ltd' and 'CIBC Unit Trust Managers Ltd'.

Table listing unit trusts under the heading 'FMS INVESTMENT MANAGERS LTD', including details like 'FMS Investment Managers Ltd' and 'FMS Investment Managers Ltd'.

Table listing unit trusts under the heading 'HAMILTON CAPITAL FUND MANAGERS LTD', including details like 'Hamilton Capital Fund Managers Ltd' and 'Hamilton Capital Fund Managers Ltd'.

Table listing unit trusts under the heading 'H&S INVESTMENT MANAGERS LTD', including details like 'H & S Investment Managers Ltd' and 'H & S Investment Managers Ltd'.

Table listing unit trusts under the heading 'HARRISON INVESTMENT MANAGERS LTD', including details like 'Harrison Investment Managers Ltd' and 'Harrison Investment Managers Ltd'.

Table listing unit trusts under the heading 'HARRISON INVESTMENT MANAGERS LTD', including details like 'Harrison Investment Managers Ltd' and 'Harrison Investment Managers Ltd'.

I.G. INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD. Tel: 01-828 7233/5699. Fax: 01-828 7233/5699.

CROSSWORD No. 6764 Set by GRIFFIN

Crossword puzzle grid with numbers indicating starting positions for clues.

- ACROSS: 1 Team display seen at fairs (6), 2 Change sides if there's a fault (5), 3 They love Mrs Reed, I recollect (6), 4 He'd admit primate is loaded (6), 5 Have dreadful row with chap after tea, daily (9), 6 Around the RHIFES Ooe trained as musician (8), 7 Old copper to have drink (4), 8 Having broken bones engineer admitted being blue (7), 9 News of model going crazy in dies (7), 10 Chuck shed (4), 11 Loosen right axle nuts (5), 12 He kills me for coming round to doctored (9), 13 Agreement you say is non-negotiable (6), 14 One French bighead scoffed when victorious (8), 15 Piles but declines to take Lawrence round (6), 16 Pete's worked in less ruined towers (6), 17 May train fruit producers (8), 18 Stop deal designed for juvenile swimmers (8), 19 Open University don's novel (4), 20 Outside broadcast on Sloux, extraordinarily offensive (9), 21 Trust sad, terribly sentimental feeling (6), 22 Capital Australian girl accepts help (6), 23 Fishpond Street West is round the back of Hove (4), 24 Bill turned in, Bet repaired a cupboard (7), 25 Very good revolutionary led revolver (6), 26 Suggests tea with Singh; Peregrine objects (6), 27 Are situated, say, in a Belgian city (5).

Solution to Puzzle No. 6763. A grid with words filled in: BRIGHT, FUTURE, MASSIVE, MANAGED, WILHELM, COMPARABLE, SIGN, HYDRO, NIGHTJAR, D, O, T, DEMENTIA, OZONE, HIGH, ORCHESTRAL, D, E, S, H, P, SCULPER, ATTEMPT, R, O, Y, E, G, L, VIATRINE, GPOIRY.

Table listing unit trusts under the heading 'KEY FUND MANAGERS LTD', including details like 'Key Fund Managers Ltd' and 'Key Fund Managers Ltd'.

Table listing unit trusts under the heading 'KEYSTONE INVESTMENT MANAGERS LTD', including details like 'Keystone Investment Managers Ltd' and 'Keystone Investment Managers Ltd'.

Table listing unit trusts under the heading 'KEYSTONE INVESTMENT MANAGERS LTD', including details like 'Keystone Investment Managers Ltd' and 'Keystone Investment Managers Ltd'.

Table listing unit trusts under the heading 'KEYSTONE INVESTMENT MANAGERS LTD', including details like 'Keystone Investment Managers Ltd' and 'Keystone Investment Managers Ltd'.

GUIDE TO UNIT TRUST PRICING. Text explaining the pricing mechanism, including the formula used to calculate the price of a unit based on the net asset value and the number of units.

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FT UNIT TRUST INFORMATION SERVICE

Main table containing financial data for various unit trusts, including columns for name, value, and other metrics. Includes sub-sections like 'INSURANCES' and 'OTHER UK UNIT TRUSTS'.

INSURANCES

OTHER UK UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Unit Trust Name	Class	Price	Change	% Chg	Yield	Div. P/Share	Div. Yield
Norwich Union Asset Management Ltd	Norwich NULIS	100.0	0.0	0.0	5.2	1.0	5.2
Norwich Union Life Insurance Sec.	Norwich NULIS	100.0	0.0	0.0	5.2	1.0	5.2
Pearl Assurance Unit Funds Ltd	Pearl Unit Funds	100.0	0.0	0.0	5.2	1.0	5.2
Phoenix Assurance Co Ltd	Phoenix Assurance	100.0	0.0	0.0	5.2	1.0	5.2
Prudential Assurance Co Ltd	Prudential Assurance	100.0	0.0	0.0	5.2	1.0	5.2
Pioneer Mutual Assurance Co Ltd	Pioneer Mutual Assurance	100.0	0.0	0.0	5.2	1.0	5.2
Premier Life Assurance Co Ltd	Premier Life Assurance	100.0	0.0	0.0	5.2	1.0	5.2
Prudential Life Assurance Co Ltd	Prudential Life Assurance	100.0	0.0	0.0	5.2	1.0	5.2
Royal Heritage Life Assurance Ltd - Contd.	Royal Heritage Life Assurance	100.0	0.0	0.0	5.2	1.0	5.2
Shield Assurance Ltd	Shield Assurance	100.0	0.0	0.0	5.2	1.0	5.2
Shiel Life Assurance Co Ltd	Shiel Life Assurance	100.0	0.0	0.0	5.2	1.0	5.2
Shiel Life Assurance Co Ltd 2	Shiel Life Assurance	100.0	0.0	0.0	5.2	1.0	5.2
Shiel Life Assurance Co Ltd 3	Shiel Life Assurance	100.0	0.0	0.0	5.2	1.0	5.2
Shiel Life Assurance Co Ltd 4	Shiel Life Assurance	100.0	0.0	0.0	5.2	1.0	5.2
Shiel Life Assurance Co Ltd 5	Shiel Life Assurance	100.0	0.0	0.0	5.2	1.0	5.2
Shiel Life Assurance Co Ltd 6	Shiel Life Assurance	100.0	0.0	0.0	5.2	1.0	5.2
Shiel Life Assurance Co Ltd 7	Shiel Life Assurance	100.0	0.0	0.0	5.2	1.0	5.2
Shiel Life Assurance Co Ltd 8	Shiel Life Assurance	100.0	0.0	0.0	5.2	1.0	5.2
Shiel Life Assurance Co Ltd 9	Shiel Life Assurance	100.0	0.0	0.0	5.2	1.0	5.2
Shiel Life Assurance Co Ltd 10	Shiel Life Assurance	100.0	0.0	0.0	5.2	1.0	5.2

MANAGEMENT SERVICES

David M. Aarons (Personal Fin. Plan.) Ltd	100.0	0.0	0.0	5.2	1.0	5.2
Robertson & Co.	100.0	0.0	0.0	5.2	1.0	5.2
The Analysis Group PLC	100.0	0.0	0.0	5.2	1.0	5.2
Avic Insurance Brokers (Life & Pen.)	100.0	0.0	0.0	5.2	1.0	5.2
Atticus Financial Services Ltd	100.0	0.0	0.0	5.2	1.0	5.2
Businessline Franks plc	100.0	0.0	0.0	5.2	1.0	5.2
Bryan Walls & Partners Ltd	100.0	0.0	0.0	5.2	1.0	5.2
Current Law & Company Ltd	100.0	0.0	0.0	5.2	1.0	5.2
James Campbell & Co. Financial Services	100.0	0.0	0.0	5.2	1.0	5.2
Chase & Vere Investments Ltd	100.0	0.0	0.0	5.2	1.0	5.2

OFFSHORE AND OVERSEAS

Avic Insurance Brokers (Life & Pen.)	100.0	0.0	0.0	5.2	1.0	5.2
Atticus Financial Services Ltd	100.0	0.0	0.0	5.2	1.0	5.2
Businessline Franks plc	100.0	0.0	0.0	5.2	1.0	5.2
Bryan Walls & Partners Ltd	100.0	0.0	0.0	5.2	1.0	5.2
Current Law & Company Ltd	100.0	0.0	0.0	5.2	1.0	5.2
James Campbell & Co. Financial Services	100.0	0.0	0.0	5.2	1.0	5.2
Chase & Vere Investments Ltd	100.0	0.0	0.0	5.2	1.0	5.2

UK LISTED

Atticus Financial Services Ltd	100.0	0.0	0.0	5.2	1.0	5.2
Businessline Franks plc	100.0	0.0	0.0	5.2	1.0	5.2
Bryan Walls & Partners Ltd	100.0	0.0	0.0	5.2	1.0	5.2
Current Law & Company Ltd	100.0	0.0	0.0	5.2	1.0	5.2
James Campbell & Co. Financial Services	100.0	0.0	0.0	5.2	1.0	5.2
Chase & Vere Investments Ltd	100.0	0.0	0.0	5.2	1.0	5.2

OFFSHORE INSURANCES

Avic Insurance Brokers (Life & Pen.)	100.0	0.0	0.0	5.2	1.0	5.2
Atticus Financial Services Ltd	100.0	0.0	0.0	5.2	1.0	5.2
Businessline Franks plc	100.0	0.0	0.0	5.2	1.0	5.2
Bryan Walls & Partners Ltd	100.0	0.0	0.0	5.2	1.0	5.2
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James Campbell & Co. Financial Services	100.0	0.0	0.0	5.2	1.0	5.2
Chase & Vere Investments Ltd	100.0	0.0	0.0	5.2	1.0	5.2

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FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Handwritten note: "Jolly, is it?"

Main table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Investment Objective, and other details.

Table of LONDON SHARE SERVICE, including sections for BRITISH FUNDS, FOREIGN BONDS & RAILS, AMERICANS, and MONEY MARKET TRUST FUNDS.

Table of MONEY MARKET TRUST FUNDS, listing various funds with columns for Name, Investment Objective, and other details.

Footnote text at the bottom of the page, including "UNIT TRUST NOTES" and "MONEY MARKET BANK ACCOUNTS".

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar stays in narrow range

THE DOLLAR moved above its overnight lows in currency markets yesterday, but spent most of the day confined to a narrow range. The mood of the market in London reflected the dollar's earlier performance in the Far East, where it found strong support at Y126.50 but resistance at Y127.50. Despite the dollar's underlying weakness, investors remain concerned about the possibility of central bank intervention. The US Federal Reserve, in particular, is keen to keep the dollar on a steady path, with the US Presidential election now less than three weeks away. Central banks are thought more likely to intervene if the dollar moves close to Y125.00 or DM1.80.

Against this background, dealers found it hard to justify moving a great deal in either direction yesterday, and the dollar finished at DM1.8110 compared with Y126.65. Elsewhere it finished at FFy1,322.5 from FFy1,317.5 and SFy1,530.0 against SFy1,524.5. On Bank of England figures, the dollar's exchange rate index was 96.0 against 95.1.

SEPTEMBER US HOUSING STARTS IN NEW YORK

Table with columns for Oct 19, Latest, and Previous. Rows for 1 month, 3 months, and 12 months.

STERLING INDEX

Table showing Sterling Index movements for Oct 19 and Previous.

CURRENCY RATES

Table of currency rates for various countries including Canada, Japan, Australia, and others.

CURRENCY MOVEMENTS

Table showing currency movements for Sterling, DM, Yen, and others.

OTHER CURRENCIES

Table of other currencies including Argentina, Australia, and others.

MONEY MARKETS

Steadier tone

UK INTEREST rates were left largely unchanged yesterday, as attention switched to today's UK money supply figures for September. The market's rather lacklustre mood was also influenced by the proximity of tonight's Mansion House speech by Mr Nigel Lawson, Chancellor of the Exchequer.

The key three-month interbank rate was quoted all day at 12 1/8 p.c., little changed from Tuesday's 12 1/4 p.c. Overnight money ranged from a high of 12 1/4 p.c. to a low of 10 1/4 p.c.

The Bank of England forecast a shortage of around £1.250m, with factors affecting the market including repayment of late assistance and bills maturing in official hands, together with a take up of Treasury hills draining £851m, and Exchequer transactions a further £476m. In addition, banks brought forward balances £45m below target, and there was a rise in the note circulation of £125m.

Against this background, dealers found it hard to justify moving a great deal in either direction yesterday, and the dollar finished at DM1.8110 compared with Y126.65. Elsewhere it finished at FFy1,322.5 from FFy1,317.5 and SFy1,530.0 against SFy1,524.5.

Table of EMS European Currency Unit Rates for various countries.

Table of Pound Spot-Forward Against the Pound for various terms.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Table of Dollar Spot-Forward Against the Dollar for various terms.

EURO-CURRENCY INTEREST RATES

Table of Euro-currency interest rates for various currencies.

EXCHANGE CROSS RATES

Table of exchange cross rates for various currencies.

FINANCIAL FUTURES

Gilts up ahead of money data

LONG GILT futures established a new high in life trading yesterday of 97.23 in the December contract, underpinned by a late improvement in sterling's value. The mood of the market remained bullish ahead of today's release of September money supply figures.

Table of Gilts futures prices for various terms.

LIFE LINE GILT FUTURES SPREADS

Table of life line gilt futures spreads.

LIFE GILT SPREADS

Table of life gilt spreads.

LONDON (GILTS)

Table of London Gilts market data.

CHICAGO

Table of Chicago market data.

NEW YORK

Table of New York market data.

FT LONDON INTERBANK FIXING

Table of FT London interbank fixing rates.

MONEY RATES

Table of money rates for various currencies.

LONDON MONEY RATES

Table of London money rates.

Money supply figures for September were released yesterday, showing a shortage of £1.25 billion, which was attributed to various factors including late assistance and Treasury bill drains.

The Treasury, in itself a bullish factor. However, some traders are a little more cautious, pointing out that the current level of base rates is likely to be held by the authorities, and the latter are unlikely to entertain lightly any attempt to push cash rates easier.

Three weeks ago, discount houses were invited to borrow funds at 12 p.c., at a time when cash rates were virtually discounting a quarter point out in base rates.

Table of US Treasury futures prices for various terms.

LIFE GILT SPREADS

Table of life gilt spreads.

LIFE GILT SPREADS

Table of life gilt spreads.

NEW YORK

Table of New York market data.

SWISS FRANCH CDS

Table of Swiss Franch CDS market data.

STAMPALE A PURES 5000

Table of Stampale A Pures 5000 market data.

EUROPEAN OPTIONS EXCHANGE

Large table of European Options Exchange data including various call and put options for different currencies.

TOTAL VOLUME IN CONTRACTS: 58,848

BASE LENDING RATES

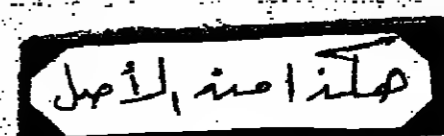
Table of base lending rates for various banks and currencies.

BUSINESS LAW

Spycatcher: lessons for everyone

By A.H.Hermann, Legal Correspondent

Unlike the European Convention on Human Rights and most civil law countries, English law does not distinguish between private and commercial secrets on the one hand and state secrets on the other. For this reason, last week's Spycatcher judgment in the House of Lords contains some lessons of general interest which also apply to business secrets.



Special features enliven nervous trade

A RENEWED outburst of speculative activity towards the close of yesterday's session enlivened what had begun as a subdued remembrance of last year's Black Monday shakeout in the London equity market.

Although gains in UK blue chips were modest, leaving the FTSE index only five points ahead, turnover remained relatively brisk. However, the S&P volume total of 886.5m shares, against Tuesday's 561.6m, included substantial market-maker business as well as contributions from a number of active speculative features.

Barrier, and many market analysts are not yet convinced that it has been convincingly broken this time. The highlight of the session came when the UK Monopolies & Mergers Commission ruled that British Gas had 'practised extensive discrimination' in its pricing policies - a significant shock for the market and one which prompted sizeable selling of Gas shares.

Consolidated Gold Fields fell sharply as growing apprehension that Minorco's near \$2bn offer will also attract the attention of the Monopolies Commission was fuelled by related legal moves in Australia. The shares made no immediate response to the confirmation that the UK Department of Trade and Industry will investigate the extensive dealings in Gold Fields shares and options.

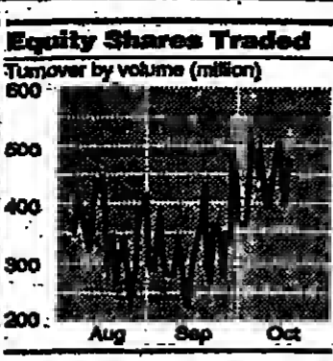
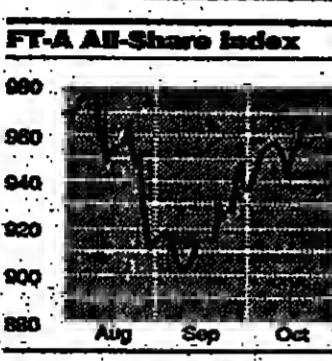
A new speculative feature enlivened the market scene when Abbey Life, a major life assurance group, was suspended, but only after the shares had plummeted on widespread hints in the market of an impending deal with Lloyds Bank.

FINANCIAL TIMES STOCK INDICES. Table with columns for Oct 19, Oct 18, Oct 17, Oct 16, Oct 15, Year Ago, High, Low, Since Completion. Rows include Government Bonds, Road Interest, Ordinary, Gold Mines, etc.

S.E. ACTIVITY. Table with columns for Indices, Oct 18, Oct 17. Rows include Gilt Edged Bargains, Equity Bargains, 5-Day average, etc.

Gas flame reduced by MMC

Recent concerns in the market about the possible outcome of the Monopolies and Merger Commission inquiry into the pricing of gas to large industrial users came home to roost when the MMC report was announced during the early afternoon, bringing with it numerous criticisms of the company.



bank analyst at BZW said: "If this is true it looks a very positive deal for Lloyds." that Italy's Generali may be about to buy the near 17 per cent stake in the company held by merchant bank Hambro.

Oil stocks were again buoyed by the erratic trends in crude oil prices. Brent for November delivery dipped sharply to as low as \$12.55 a barrel before rallying late to some \$13.15 by the close.

with turnover at 12m shares. Turnover in Plessey and GEC was much smaller than on Tuesday, but remained above average. Some 6.2m GEC changed hands, with the shares finally a penny off at 177 1/2p.

in the pipeline. Beckett & Colman enjoyed a heavy run, gaining 2 1/2 to 96p, in improved turnover of 775,000 shares. Warburg Securities is hosting a presentation for Beckett today and yesterday raised the share price a strong buy at 95p on its brand strength and on fundamentals.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume in major stocks. Columns include Stock Name, Volume, Price, % Change, etc. Rows include Anglo, BHP, British Airways, etc.

ments gained 9 to 26p, Inter-Link Express 10 to 24p and Arlink Wood the same amount to 17p. But profit-taking brought Chamberlain & Philips back 8 to 16p and Lawrie weakened late to close 10 down 5p.

Abbey Life halt

The numerous rumours surrounding the life assurance group Abbey Life, a claimant yesterday morning when stories of a tie-up deal with Lloyds Bank whistled around the market.

B&C rally again

Speculation of a management buy-out revived as British & Commonwealth (B&C) pulled further away from the year's low point. The close of 10 up at 24 1/2 was below the day's highest, but still pleased dealers who reported the heaviest turnover (7.2m shares) in the stock for many months.

NEW HIGHS AND LOWS FOR 1988

Table listing new highs and lows for 1988. Columns include Stock Name, High, Low. Rows include Anglo, BHP, British Airways, etc.

APPOINTMENTS

Mr Michael Jenkin, senior vice president and secretary for G.E.R. of American Corp., has become an assistant general manager at GUARDIAN ROYAL EXCHANGE and will be its chief compliance officer.

Senior post at Midland Bank

Mr Chris Thom, regional director of MIDLAND BANK'S East Anglian region, has been appointed payment operations director, UK banking. Mr John Holloway, area manager, Enfield, has been appointed regional director, East Anglia, in his place.

DISTILLERS AND VINTNERS

He was director of public affairs at Grand Metropolitan Brewing. ROBERT FLEMING & CO has appointed Mr Michael Ledeburg as a director of corporate finance from October 31. He is a director of J. Henry Schroder Wegg and Co.

WYLEX

the Manchester-based electrical switchgear manufacturer, has made Mr Christopher Fitzpatrick its managing director. He joins from Victor Products where he was managing director.

YORK TRUST

has appointed Mr Neil Milne executive director with responsibility for corporate finance. Mr Radwan M. Tarmamti becomes non-executive director. He is general manager, Arabian General Investment Corporation.

AKTIEBOLAGET SVENSK EXPORTKREDIT ("SEK") Japanese Yen 12,000,000,000 6 3/4 per cent. Bonds due 20th November, 1991. NOTICE OF REDEMPTION BY ANNUAL INSTALLMENT. NOTICE OF FINAL REDEMPTION. The Nippon Credit Bank, Ltd.

LONDON SHARE SERVICE

AMERICANS—Contd

Table with columns: Stock, Price, % Chg, Bid, Offer. Lists various American companies like American Express, American International Group, etc.

CANADIANS

Table with columns: Stock, Price, % Chg, Bid, Offer. Lists various Canadian companies like Alcan, Bell Canada, Canadian National, etc.

BANKS, HP & LEASING

Table with columns: Stock, Price, % Chg, Bid, Offer. Lists various banks and leasing companies like Citicorp, Citicredit, etc.

Hire Purchase, Leasing, etc.

Table with columns: Stock, Price, % Chg, Bid, Offer. Lists companies in hire purchase and leasing sectors.

BEERS, WINES & SPIRITS

Table with columns: Stock, Price, % Chg, Bid, Offer. Lists various beer, wine, and spirit companies.

BUILDING, TIMBER, ROADS Contd

Table with columns: Stock, Price, % Chg, Bid, Offer. Lists various building, timber, and road companies.

CHEMICALS, PLASTICS

Table with columns: Stock, Price, % Chg, Bid, Offer. Lists various chemical and plastic companies.

DRAPERY AND STORES

Table with columns: Stock, Price, % Chg, Bid, Offer. Lists various drapery and store companies.

BUILDING, TIMBER, ROADS

Table with columns: Stock, Price, % Chg, Bid, Offer. Lists various building, timber, and road companies.

ELECTRICALS

Table with columns: Stock, Price, % Chg, Bid, Offer. Lists various electrical companies.

ELECTRICALS—Contd

Table with columns: Stock, Price, % Chg, Bid, Offer. Lists various electrical companies.

ENGINEERING—Contd

Table with columns: Stock, Price, % Chg, Bid, Offer. Lists various engineering companies.

ENGINEERING

Table with columns: Stock, Price, % Chg, Bid, Offer. Lists various engineering companies.

INDUSTRIALS (Misc.)

Table with columns: Stock, Price, % Chg, Bid, Offer. Lists various industrial companies.

ENGINEERING—Contd

Table with columns: Stock, Price, % Chg, Bid, Offer. Lists various engineering companies.

FOOD, GROCERIES, ETC

Table with columns: Stock, Price, % Chg, Bid, Offer. Lists various food and grocery companies.

HOTELS AND CATERERS

Table with columns: Stock, Price, % Chg, Bid, Offer. Lists various hotel and catering companies.

INDUSTRIALS (Misc.)

Table with columns: Stock, Price, % Chg, Bid, Offer. Lists various industrial companies.

INDUSTRIALS (Misc.)—Contd

Table with columns: Stock, Price, % Chg, Bid, Offer. Lists various industrial companies.

INDUSTRIALS (Misc.)

Table with columns: Stock, Price, % Chg, Bid, Offer. Lists various industrial companies.

INSURANCES

Table with columns: Stock, Price, % Chg, Bid, Offer. Lists various insurance companies.

LEISURE

Table with columns: Stock, Price, % Chg, Bid, Offer. Lists various leisure companies.

INDUSTRIALS (Misc.)—Contd

Table with columns: Stock, Price, % Chg, Bid, Offer. Lists various industrial companies.

INDUSTRIALS (Misc.)

Table with columns: Stock, Price, % Chg, Bid, Offer. Lists various industrial companies.

INSURANCES

Table with columns: Stock, Price, % Chg, Bid, Offer. Lists various insurance companies.

LEISURE

Table with columns: Stock, Price, % Chg, Bid, Offer. Lists various leisure companies.

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Drill, in its

LONDON SHARE SERVICE

LEISURE - Contd. Table listing various leisure companies and their share prices.

PROPERTY - Contd. Table listing various property companies and their share prices.

TEXTILES - Contd. Table listing various textile companies and their share prices.

TRUSTS, FINANCE, LAND - Contd. Table listing various trusts, finance, and land companies and their share prices.

OIL AND GAS - Contd. Table listing various oil and gas companies and their share prices.

MINES - Contd. Table listing various mining companies and their share prices.

MOTORS, AIRCRAFT TRADES. Table listing various motor and aircraft trade companies and their share prices.

PROPERTY - Contd. Table listing various property companies and their share prices.

TEXTILES - Contd. Table listing various textile companies and their share prices.

TRUSTS, FINANCE, LAND - Contd. Table listing various trusts, finance, and land companies and their share prices.

OIL AND GAS - Contd. Table listing various oil and gas companies and their share prices.

MINES - Contd. Table listing various mining companies and their share prices.

NEWSPAPERS, PUBLISHERS. Table listing various newspaper and publishing companies and their share prices.

PROPERTY - Contd. Table listing various property companies and their share prices.

TEXTILES - Contd. Table listing various textile companies and their share prices.

TRUSTS, FINANCE, LAND - Contd. Table listing various trusts, finance, and land companies and their share prices.

OIL AND GAS - Contd. Table listing various oil and gas companies and their share prices.

MINES - Contd. Table listing various mining companies and their share prices.

PAPER, PRINTING, ADVERTISING. Table listing various paper, printing, and advertising companies and their share prices.

PROPERTY - Contd. Table listing various property companies and their share prices.

TEXTILES - Contd. Table listing various textile companies and their share prices.

TRUSTS, FINANCE, LAND - Contd. Table listing various trusts, finance, and land companies and their share prices.

OIL AND GAS - Contd. Table listing various oil and gas companies and their share prices.

MINES - Contd. Table listing various mining companies and their share prices.

PROPERTY. Table listing various property companies and their share prices.

SHOES AND LEATHER. Table listing various shoe and leather companies and their share prices.

TEXTILES. Table listing various textile companies and their share prices.

OIL AND GAS. Table listing various oil and gas companies and their share prices.

TRUSTS, FINANCE, LAND. Table listing various trusts, finance, and land companies and their share prices.

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MINES. Table listing various mining companies and their share prices.

NOTES. Stock Exchange dealing classifications are indicated to the right of company names...

REGIONAL & IRISH STOCKS. The following is a list of regional and Irish stocks, the latter being quoted in Irish currency.

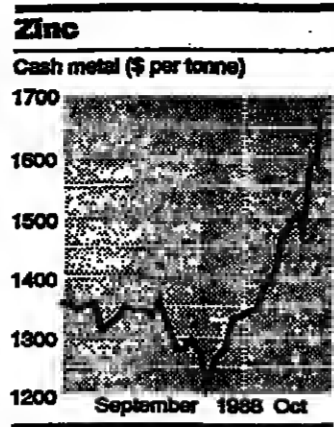
TRADITIONAL OPTIONS. 3-month call rates. Includes a list of traditional options and their rates.

COMMODITIES AND AGRICULTURE

Copper and zinc scale fresh peaks

By Kenneth Gooding, Mining Correspondent

COPPER AND zinc prices on the London Metal Exchange yesterday moved to record levels amid growing concern about the impact of the miners' strike in Peru. That country supplies about 5 per cent of the copper mined in the non-Communist world...



Zinc Cash metal (\$ per tonne) 1700 1600 1500 1400 1300 1200 September 1988 Oct

and its stocks fell again yesterday by another 289 tonnes to 10,569 tonnes. Mr Harris suggested there would be further falls in copper stocks and this might encourage movement of copper from Europe to the US...

High price seen hitting aluminium demand

By Kenneth Gooding

ALUMINIUM'S competitive position against most other materials "now looks dreadful" because of its high price and the effect may linger for some time, suggests Anthony Bird Associates, the consultancy group, in its latest report.

High-tech breeders strike it rich in ram market

Chris Sherwell explains why records are being shattered in Australian sale rings

TATCHER IS a high performer, has good structure and fine fibre. So does Reagan. Unlike the politicians, however, they are selected, not elected. For they are rams. And thanks to modern breeding technology, their prowess will surely outlast them.

A BREATHTAKING world record price of \$850,000 for a ram in Australia was paid at a recent sale in Perth, setting a new record for the previous record of \$625,000 set last year.

values as a result of new breeding techniques. These techniques developed principally at Collinsville by Mr Neil Garnett and Mr Peter Vetch, involve the use of artificial breeding technology alongside traditional methods.

Peruvian miners' strike spreading slowly

By Veronica Baruffati in Lima

PERU'S THREE-day-old miners' strike is spreading slowly and deliveries have not yet been affected. Miners from Corhiza, the state-owned copper mine, joined in on Tuesday bringing the percentage of miners on strike up from 47 to 49 per cent.

fulfilled its part of the agreement which ended the month-long strike in August, which cost the country over \$140m in lost production. The miners' demand included a substantial pay rise, wages to be indexed to inflation...

death threats. There is increasing fear in Lima that Peru is heading towards economic collapse, and that the wave of strikes affecting the country today, combined with increasing terrorism, will accelerate this process.

Canada faces aphic invasion

By David Owen in Toronto

CANADIAN CEREAL farmers, still dusting themselves down after this summer's serious drought, are bracing themselves to cope with a new threat: an invasion of Russian wheat aphids.

of selected ewes through in vitro fertilisation, flushing the new embryos from the uterus, and transferring them to surrogate ewes. Further revolutionary changes are on the way. New techniques which allow the multiple splitting of embryos at an early stage are also being developed...

Rain poses coffee problems for Nicaragua

By Tim Coone in Managua

For Nicaragua's coffee growers, it never rains but it pours. A prolonged rainy season has brought the promise of a good harvest this year, but at the same time has produced an early ripening of the beans...

and it is thought the Government might even decide to suspend classes in order to save the harvest, which is Nicaragua's most important foreign exchange earner. According to Mr Francisco Berríos, a representative of the small farmers' organisation, Unag in the coffee town of Jinotega, "there is a danger that the beans will start falling from the bushes soon if we do not have enough pickers."

WORLD COMMODITIES PRICES

Table listing prices for various commodities including COFFEE, RUBBER, CATTLE, and WHEAT.

Table titled 'GODCHA \$/tonne' with columns for Date, Close, Previous, High/Low, and Turnover.

Table titled 'LONDON METAL EXCHANGE' showing prices for Aluminium, Copper, Lead, Nickel, Zinc, and Silver.

Table titled 'LONDON BULLION MARKET' showing Gold, Silver, and Platinum prices.

Table titled 'US MARKETS' showing prices for CRUDE OIL, SOYBEAN MEAL, and SOYBEAN OIL.

Table titled 'Chicago' showing SOYBEAN MEAL and SOYBEAN OIL prices.

Table titled 'LIVE CATTLE' and 'LIVE HOGS' showing prices for different grades.

Table titled 'CATTLE' and 'HOGS' showing prices for various cuts.

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Handwritten note: "Handwritten note in top right corner of the page, possibly a signature or initials." (Note: This is a placeholder for the actual handwritten content.)

Main section of the page containing multiple columns of stock market data for various countries including Australia, Canada, Germany, Italy, Japan, and the UK. Each column lists stock symbols, prices, and changes.

Section titled 'CANADA' containing stock market data for various Canadian companies, including their stock symbols, prices, and percentage changes.

Section titled 'INDICES' containing data for major stock indices such as the Dow Jones, Nikkei, and others, showing their values and percentage changes.

Section titled 'NEW YORK ACTIVE STOCKS' listing active stocks in the New York market, including their symbols, prices, and changes.

Section titled 'TOKYO - Most Active Stocks' listing the most active stocks in the Tokyo market, including their symbols, prices, and changes.

Advertisement for 'FINANCIAL TIMES' featuring the headline 'Have your F.T. hand delivered in Germany' and providing contact information for subscriptions.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Closing prices

12 Month High	Low	Stock	Chg.	12 Month High	Low	Stock	Chg.
12.25	12.00	AA	0.25	12.25	12.00	AA	0.25
12.00	11.75	AA	0.25	12.00	11.75	AA	0.25
11.75	11.50	AA	0.25	11.75	11.50	AA	0.25
11.50	11.25	AA	0.25	11.50	11.25	AA	0.25
11.25	11.00	AA	0.25	11.25	11.00	AA	0.25
11.00	10.75	AA	0.25	11.00	10.75	AA	0.25
10.75	10.50	AA	0.25	10.75	10.50	AA	0.25
10.50	10.25	AA	0.25	10.50	10.25	AA	0.25
10.25	10.00	AA	0.25	10.25	10.00	AA	0.25
10.00	9.75	AA	0.25	10.00	9.75	AA	0.25
9.75	9.50	AA	0.25	9.75	9.50	AA	0.25
9.50	9.25	AA	0.25	9.50	9.25	AA	0.25
9.25	9.00	AA	0.25	9.25	9.00	AA	0.25
9.00	8.75	AA	0.25	9.00	8.75	AA	0.25
8.75	8.50	AA	0.25	8.75	8.50	AA	0.25
8.50	8.25	AA	0.25	8.50	8.25	AA	0.25
8.25	8.00	AA	0.25	8.25	8.00	AA	0.25
8.00	7.75	AA	0.25	8.00	7.75	AA	0.25
7.75	7.50	AA	0.25	7.75	7.50	AA	0.25
7.50	7.25	AA	0.25	7.50	7.25	AA	0.25
7.25	7.00	AA	0.25	7.25	7.00	AA	0.25
7.00	6.75	AA	0.25	7.00	6.75	AA	0.25
6.75	6.50	AA	0.25	6.75	6.50	AA	0.25
6.50	6.25	AA	0.25	6.50	6.25	AA	0.25
6.25	6.00	AA	0.25	6.25	6.00	AA	0.25
6.00	5.75	AA	0.25	6.00	5.75	AA	0.25
5.75	5.50	AA	0.25	5.75	5.50	AA	0.25
5.50	5.25	AA	0.25	5.50	5.25	AA	0.25
5.25	5.00	AA	0.25	5.25	5.00	AA	0.25
5.00	4.75	AA	0.25	5.00	4.75	AA	0.25
4.75	4.50	AA	0.25	4.75	4.50	AA	0.25
4.50	4.25	AA	0.25	4.50	4.25	AA	0.25
4.25	4.00	AA	0.25	4.25	4.00	AA	0.25
4.00	3.75	AA	0.25	4.00	3.75	AA	0.25
3.75	3.50	AA	0.25	3.75	3.50	AA	0.25
3.50	3.25	AA	0.25	3.50	3.25	AA	0.25
3.25	3.00	AA	0.25	3.25	3.00	AA	0.25
3.00	2.75	AA	0.25	3.00	2.75	AA	0.25
2.75	2.50	AA	0.25	2.75	2.50	AA	0.25
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2.25	2.00	AA	0.25	2.25	2.00	AA	0.25
2.00	1.75	AA	0.25	2.00	1.75	AA	0.25
1.75	1.50	AA	0.25	1.75	1.50	AA	0.25
1.50	1.25	AA	0.25	1.50	1.25	AA	0.25
1.25	1.00	AA	0.25	1.25	1.00	AA	0.25
1.00	0.75	AA	0.25	1.00	0.75	AA	0.25
0.75	0.50	AA	0.25	0.75	0.50	AA	0.25
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0.25	0.00	AA	0.25	0.25	0.00	AA	0.25
0.00	0.00	AA	0.25	0.00	0.00	AA	0.25

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Rothmans KING SIZE

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NYSE COMPOSITE PRICES

Main table of NYSE Composite Prices, listing various stocks with columns for High, Low, Stock, Div. Yld., % Chg., and Last Price.

Notes explaining the data in the NYSE Composite Prices table, including details on dividends and price changes.

OVER-THE-COUNTER

Nasdaq national market, 3pm prices October 19

Main table of Over-the-Counter prices, listing various stocks with columns for Stock, Div., High, Low, Last Price, and Bid/Ask.

AMEX COMPOSITE PRICES

4pm prices October 19

Table of AMEX Composite Prices, listing various stocks with columns for Stock, Div., High, Low, Last Price, and Bid/Ask.

Advertisement for Hotel Zurich, featuring the text: 'While in Zurich enjoy your complimentary copy of the Financial Times as a guest of the Hotel Zurich'.

